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NEWS SUMMARY

GENERAL

Powell in Ulster Bill clash

A row erupted in the House of **Commons** last night when **Official Ulster Unionist MP Enoch Powell** accused a senior **civil servant** in the Northern **Ireland office**, Assistant **Secretary Clive Abbott**, of being in **complicity** with the Irish **government** in the decision to **bring forward** the Northern **Ireland Bill** now before **Parliament.**

Northern Ireland Secretary **James Prior** denied the allegation and called upon Mr Powell **to apologise.**

He said Mr Powell's call for an inquiry was "quite disgraceful."

Donovan may go

U.S. Labour Secretary Raymond Donovan my have to resign despite a prosecutor's finding that there was not enough evidence to charge him with links to organised crime. Page 4

Briton missing

ITN cameraman Julian Harrison was among six journalists who went missing in El Salvador. They were covering an attack by leftist guerrillas near Suchitoto which left 14 civilians dead.

Mersey crime up

Merseyside had a record number of crimes last year, partly because riots in Liverpool reduced the number of police*men available for normal police* work. **Page 10**

French reshuffle

French Industry Minister Pierre Dreyfus, 75, is likely to step down today in the first cabinet reshuffle since the elections last June. Back Page

Hinckley 'shock'

John Hinckley said he was shocked that a jury last week *found him not guilty, by reason* of insanity, of trying to kill President Reagan.

Torture charges

Four anti-terrorist squad policemen were charged in Rome with torturing Red Brigades suspects. They helped free kidnapped U.S. General James Dozier from the guerrillas in January.

'Smuggler' jailed

British *archaeologist* Ralph Pinder Wilson was sentenced to 10 years' jail in Afghanistan for smuggling ancient coins to London, an Afghan newspaper said. Kabul Radio said he pleaded guilty.

City bans guns

San Francisco became the first big U.S. city to ban the owning of private hand guns, but acknowledged that enforcement will be a problem. Back Page

King through

Twelfth seed Billie-Jean King (U.S.) beat sixth seed Wendy Turnbull (Australia) to reach the Wimbledon women's singles quarter final. Buster Mottram of Britain reached the last 16 in the men's singles.

The old country

One Briton in six is of pensionable age, the 1981 census showed. The population grew 0.6 per cent in 10 years, but there were 10 per cent more pensioners and 12 per cent fewer under-16s. Page 10

Briefly . . .

World Cup: Italy 2, Argentina 1.

Pierre Balmain, dress designer, died in Pairs at 68.

Milan bank robbers stole about L5bn (£2m) from an underground safe.

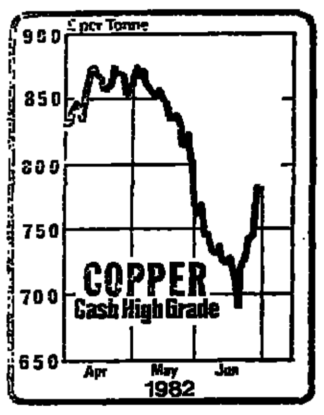
A U.S. judge ordered the release of 2,000 Haitian refugees who entered the country illegally in the last year. Page 4

BUSINESS

NY gold up $3.9; equities gain 7.8

○ *GOLD rose $7.25 to $311 in* London. In New York the Comex July close was $315.4 ($311.5). Page 25

○ COPPER rose £26 in London to close at £783 a tonne, making



a gain of £92.75 since its four-year low at the beginning of last week. Page 25

○ STERLING rose 95 points on the day in London to $1.73, but fell to DM 4.265 (DM 4.285), FFr 11.84 (FFr 11.875), SwFr 3.65 (SwFr 3.6675) and Y442 (Y444.5). Its trade-weighted index was unchanged at 91.1. Page 28

○ DOLLAR fell in London to DM 2.4725 (DM 2.4885), FFr 6.845 (FFr 6.901), SwFr 2.109 (SwFr 2.1295) and Y255.52 (Y256.55). Its trade-weighted index was 121.3 (121.8). Page 28

○ EQUITIES: the FT 30-share index closed 7.8 up at 552. Page 27

○ GILTS: the Government Securities index rose 0.34 to 68.94. Page 27

○ WALL STREET was down 2.57 at 809.36 near the close. Page 26

○ JAPAN'S exports in May fell 6.3 per cent compared with last year. Page 6

○ FORD today launches a one-tonne pick-up truck made in South Africa onto a UK market dominated by Japanese vehicles. Back Page

○ NATIONAL ENTERPRISE Board made a record pre-tax loss of £59m in 1981. Page 10

○ INMOS, the NEB's controversial micro-chip company, is likely to need an extra £5m-£10m in the coming year. Back Page

○ UK INSURANCE companies' underwriting losses worldwide nearly doubled to a record £612m last year. Back Page

○ BANK LENDING in sterling to the private sector rose by a record £4.97bn in the February to May quarter. Page 10

○ MIDLAND BANK is teaming up with West Yorkshire County Council to provide equity *finance for companies in the* area.

○ BRITISH STEEL wants to cut 800 of the 2,000 jobs in its Sheffield stainless steel plants. Page 10

COMPANIES

○ WOOLWORTHS of Australia had bid about A$200m (£118m) for Grace Brothers, a competing stores group. Page 23

○ SUNLIGHT SERVICES *launched a £30m reverse take-over bid for Johnson Group Cleaners.* Page 18; Lex, Back Page

○ ELECTROCOMPONENTS improved pre-tax profits to £15.74m (£14.56m) for the year to March 31. Page 18

○ TRIDENT TELEVISION reported lower pre-tax profits of £3.85m (£4.26m) for the six months to March 31. Page 18

○ TECALEMIT, the lubrication systems and garage equipment group, made lower taxable profits of £1.54m (£2.19m) for the year to March 31. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exchqr 11¼pc 1986	£95¼	+ ¼
Exchqr 12pc 13-17	£98¼	+ ¼
BPB	426	+ 12
Barclays Bank	378	+ 8
Barratt Devels	267	+ 9
British Sugar	475	+ 10
Cable and Wireless	293	+ 10
Courtaulds	78	+ 3
Distillers	179	+ 4
Electrocomponents	172	+ 7
Ferranti	753	+ 18
GEC	965	+ 20
GKN	146	+ 5
Glass Glover	161	+ 7
Inter-City Invs	49	+ 6
Johnson Group	263	+ 45
Kennedy Smale	156	+ 4
Lloyds Bank	380	+ 8
NatWest Bank	420	+ 10
Press (Wm.)	55	+ 4
RGI	112	+ 6
De Beers Dfd	191	+ 5
MIM Hldgs	165	+ 8
RTZ	368	+ 13
FALLS		
BAT Inds	430	− 11
Bearden Smith A	63	− 7
Sunlight Service	91	− 6
BP	290	− 8

Aslef calls indefinite rail strike from midnight Saturday

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS OF the train drivers' union Aslef yesterday called an all-out indefinite rail strike from midnight on Saturday—less than 24 hours after the rival National Union of Rail*waymen called off its strike.*

British Rail services were rescheduled to return to normal from midnight last night following the formal suspension of the NUR strike—but unless any possible moves to avert the strike called by the Associated Society of Locomotive Engineers and Firemen are successful, the network is likely to be run down again from Saturday afternoon.

The prospects of finding a solution to the Aslef strike seem remote. BR board officials have always regarded the difficulties over the 5 per cent pay and productivity offer with Aslef as much more intractable than those with the NUR.

The surprise Aslef decision to call out its 27,000 members *from midnight on Saturday* was taken unanimously yesterday by the six members present of the union's hard-line executive committee.

It is in response to BR's declared intention to introduce new flexible work rosters across the country from Sunday without Aslef's agreement. These alter the drivers' shifts from the traditional eight hours to variable 7-9 hours spans.

Sir Peter Parker, BR chairman, described the Aslef decision as "deplorable and shameful." Sir Peter, who has come close to staking his reputation at BR on achieving flexible rostering and other productivity improvements, said: "This strike call exposes the hollowness of Aslef's decision in first protesting that the machinery and *negotiation* is *not* being used to resolve the issue of flexible rosters then totally ignoring the verdict of the independent tribunal which endorsed BR's case for varying the 8-hour working day within a new guaranteed 39-hour-week.

Sir Peter said the British Railways board remains firmly committed to introducing flexible rosters for drivers as an

Continued on Back Page

Thatcher praises "good sene of NUR," Page 11

Call to heal rail union split, Page 12

Editorial Comment, Page 16

TUBE STOPPAGE SUSPENDED

London Underground services should be working today. The National Union of Railwaymen decided yesterday to suspend from midnight last night the all-out strike over new work rosters, writes Philip Bassett.

This follows a similar decision by the NUR annual general meeting in Plymouth to call off the indefinite strike over pay and productivty on BR after only 18 hours and is another blow to Left-wingers in the NUR. It also offers further support to Mr Sid Weighell, the union's moderate general secretary.

After Monday's BR vote Tube services yesterday showed marked improvement on the previous few days.

Mr Weighell told the conference that following the decision to press for the disputed Underground work schedules to be lifted, the Advisory, Conciliation and Arbitration Service had contacted him and proposed a meeting.

Officials of ACAS and London Transport flew to Plymouth yesterday for talks with Mr Weighell, which were still going on last night.

With the talks in prospect, the moderate annual conference decided to suspend the strike from midnight. It reaffirmed NUR policy that the new schedules should be withdrawn indefinitely and that staff returning today should work to the old schedules.

Harland & Wolff future depends on winning bulk carrier orders

BY JOHN LLOYD, LABOUR EDITOR

THE FUTURE of the Belfast shipyard Harland and Wolff depends crucially on winning an order for two bulk carriers—with the fiercest competition coming from British Shipbuilders' yard at Govan, Clydeside.

The order for two 42,000-tonne bulk carriers for a Norwegian company, is now out to tender. Shipbuilding union leaders believe that the two UK yards are the only serious contenders.

The order, if secured by the UK, would pose a dilemma for the Government, which would have to balance the claims of two areas hard hit by recession and unemployment.

There is little doubt that Harland and Wolff's position is desperate. The yard has one ship almost completed two others to be finished this year and a fourth — a 170,000-tonne iron ore carrier for the British Steel Corporation — about to begin construction. Thereafter, the order book is empty.

It has been unable to obtain a permanent managing director to replace Mr Ronald Punt, who retired in May. The yard's financial director, Mr Douglas Cooper, is acting managing director.

However, two senior British Shipbuilders managers, both of them Northern Irish, are understood to have been approached—much to the annoyance of British Shipbuilders.

The two are believed to be Mr John Parker, the BS deputy chairman, and Mr Eric Mackie, the managing director of the Govan yard. Neither has so far *accepted the invitations.*

The job is one of the toughest in British shipbuilding, and both men would require guarantees that the Government was prepared to give long-term financial backing to the yard.

Harland and Wolff has a subvention of £46m for the current year and can receive varying sums from the shipbuilding intervention fund for each order.

Two consultants' reports, by PA Management and A and P Appledore, are being considered by the yard management. These are thought to suggest further paring down of the yard's 7,000-strong workforce and capacity, as a step towards viability.

Shipbuilding union officials believe that the implications of the consultants' reports could be swallowed by the workforce—but only if the bulk carrier orders are secured.

The yard's top management and the shipbuilding unions are due to meet in two weeks.

Pressure for shorter warking life, Page 12

Lloyd's agreement with Itel

BY JOHN MOORE, CITY CORRESPONDENT

LLOYD'S insurance under*writers have passed a milestone* in the settlement of $500m-worth of computer leasing insurance claims, the largest series of claims in the 300-year history of the Lloyd's market.

Itel Corporation, the San Francisco based computer leasing company which was crippled by debts of $1.3bn, yesterday announced it had reached agreement with Lloyd's and that all outstanding claims on its insurance arranged with the market had been settled.

In full and final settlement, Lloyd's has paid $4m, and another $2m has been released from an escrow account. Lloyd's in turn has withdrawn its own claim for $100m in Itel's Chapter 11 proceedings in the U.S. federal bankruptcy courts.

In all, underwriters will have paid out up to $120m in insur*ance claims on Itel's computer* leasing insurance business, which represents about a quarter of the total computer leasing insurance business underwriters accepted.

But Lloyd's still faces a long haul before the computer leasing affair is brought to a conclusion.

A legal action is due to be heard in the U.S. courts this month between Lloyd's and a U.S. computer leasing company. Another legal action by a computer leasing company in the U.S. against Lloyd's underwriters for a total of $628m is due to be heard next January.

The computer leasing losses Lloyd's suffered in the late 1970s, arose from the policies which leasing companies arranged to protect themselves against the early termination of leases by customers.

Underwriters at Lloyd's failed to take note of the rapid rate of technological change, insured over $1bn of the business, and were faced with almost instantaneous losses. More than 14,000 claims poured into the market.

Many leasing companies had been using the policies as collateral with their banks, which in turn became locked in dispute with Lloyd's when underwriters resisted the claims.

Yesterday, Itel said it was "pleased by this result with Lloyd's, which solves a difficult and persistent problem which we estimated at one time to represent potential obligations in excess of $300m."

Lloyd's U.S. attorneys said that they anticipated final losses on computer leasing could be less than $444m.

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Thatcher hints at third union Bill

By Elinor Goodman, Political Correspondent

THE GOVERNMENT seems almost certain to introduce another Employment Bill before the next General Election, making secret ballots of union members compulsory under certain circumstances.

It is likely to be included in the Queen's Speech after next, following a period of consultations. Its precise contents will be influenced by the industrial situation between now and then, but at the minimum it is expected to make secret ballots compulsory for the election of certain trade union officials.

Mrs Thatcher made her wish to have a third round of trade union legislation clear in the Commons yesterday. When pressed by Dr David Owen, the SDP's parliamentary leader, to amend the Employment Bill to increase the provision for secret ballots, Mrs Thatcher said that while such a clause could not be added to the present Bill "I hope one day it will be introduced before the next General Election." The Bill is going through its final stages in the Lords.

Ministers have not yet collectively agreed to another *Employment Bill, although* Mr Norman Tebbit, Employment Secretary, warned the unions that he was under pressure to introduce further legislation.

Mrs Thatcher's tone yesterday suggested that the rail strike had reinforced her own belief in the need for tougher trade union legislation.

However, there was some confusion about what she meant. Some Tory MPs in favour of a tougher line with the unions, claimed that what Mrs Thatcher had in mind was a clause making secret ballots compulsory before strikes. They argued that such a ballot would have prevented the disruption caused by the rail strike.

In the past ministers have seemed reluctant to introduce such a clause given the problems the Heath government had with a similar provision.

Despite the confusion, Mrs Thatcher's remarks raised the expectations of her own backbenchers, many of whom would feel let down if the Government did not come forward with another Bill before the election.

£ in New York

—	June 28	Previous
Spot	$1.7285-7310	$1.7225-7250
1 month	0.43-0.46 pm	0.44-0.48 pm
3 months	1.50-1.55 pm	1.56-1.61 pm
12 months	5.08-5.18 pm	5.25-5.40 pm

EEC calls for softer U.S. line on Palestinians

BY JOHN WYLES AND GILES MERRITT IN BRUSSELS

EEC HEADS of government yesterday called on Washington to be more conciliatory in its approach to the beleaguered Palestinians in the Middle East: and to make stronger efforts to defuse U.S. trade and economic conflicts with Europe.

In two *major declarations* following the EEC heads of government summit the Community signalled frustration and even anger with U.S. policies, although in more restrained language than some of the leaders wished.

Relations with the U.S. and the crisis in the Lebanon dominated the talks, but government leaders also issued declarations pledging efforts to establish new links with Latin America following damage caused by the Falklands crisis and a commitment to step up promotion of productive investment as a means of combating unemployment.

On the Middle East, the Ten wished to persuade the U.S. to press Israel to withdraw its forces around Beirut simultaneously with a withdrawal of Palestinian forces from the western part of the Lebanese capital.

Their joint declaration proposed that the separation of the two forces be controlled by the Lebanese military, supported by UN observers or forces. Mr Francis Pym, the Foreign Secretary, said afterwards this would result in a neutral zone around Beirut.

The summit was vague as to where the Palestinians in west Beirut should be encouraged to go but more explicit on the main approaches to a Lebanese peace and a broader Middle East settlement.

In the Lebanon, a "final peace" required full Israeli withdrawal and departure of all foreign forces except those authorised "by a legitimate and broadly representative government of Lebanon" in control of its national territory.

The Community reiterated its view that a broader settlement required all parties in the Middle East to accept one another's existence and recognition by Israel that enhanced security will flow not from the use of force but from "satisfying the legitimate aspirations of the Palestinian people."

The Palestinians were urged to pursue their demands by political means and implicitly advised to recognise and respect Israel's right to existence and security.

In addressing the U.S., the Community leaders called for a constructive dialogue between Washington and Brussels. The language of the two page text, dealing with the strains which had been imposed on relations by U.S. actions on steel and the Soviet gas pipeline was considerably moderated during discussions yesterday morning.

Mrs Thatcher, the Prime Minister, was anxious to avoid a political challenge to the U.S. Government which might prejudice fresh efforts to find compromise solutions. The result was a mild reproof in place of an earlier draft, involving an outright rebuke to the U.S. for failing to respect the co-operative spirit established at the Versailles economic summit at the beginning of last month.

Summit report, Pages 2 and 3

U.S. reaction, Page 6

Barclays appeals to staff for Saturday volunteers

BY ALAN FRIEDMAN

BARCLAYS BANK said yesterday it would appeal directly to 50,000 branch employees for volunteers for the opening of more than 400 branches on Saturday mornings.

It said it had failed to reach agreement with the Barclays Group Staff Union about Saturday openings, but was confident that there would be enough volunteers.

The staff bodies had been unwilling to discuss Saturday openings, the bank said. The appeal for volunteers would be delivered to employees at work.

"The union doesn't wish to negotiate on the basis of Saturday opening. We have made an offer to the staff and we hope they will pick it up," it said.

Barclays hopes to know by July 15 how many volunteers will accept its offer of up to £40 per Saturday session.

The Barclays staff union is considering taking industrial action over the issue and has asked its 35,000 members whether they wish to conduct a "campaign of active resistance." The union represents about half the bank's 70,000 UK staff.

Mr John Quinton, Barclays senior general manager, made

Continued on Back Page

Big rise in bank loans to private sector, Page 10

Our position as Leader is in keeping with the quality of the blend

BELL'S
Scotland's Quality Scotch

ARTHUR BELL & SONS plc., ESTABLISHED 1825—AND STILL AN INDEPENDENT COMPANY

هكذا من الأصل

Robert Graham on how election fears threaten monetary policy

Gloom as Spain's economy drifts

THE Bank of Spain has added its voice to the growing concern among bankers and businessmen over Spain's public sector deficit. This has now become the major economic issue, forcing unemployment and lack of private investment into the background.

Sr Jose Ramon Alvarez Rendueles, the Governor of the Bank of Spain, has not minced his words. In his annual address on the Bank's activities he bluntly warned that the public sector deficit was seriously undermining any attempt to pursue a coherent monetary policy. Furthermore, he pointed out that there were limits to the success of any economic policy which relied for its control almost exclusively on monetary instruments managed by the Central Bank.

This warning has been greeted in total silence by the Government, which has not given an authoritative statement on the economy for several months now.

The silence is not surprising. The Government is now totally preoccupied with its own political survival. It is afraid to do anything which might prejudice its chances in front of the electorate or create further divisions within the various factions that make up the ruling Union de Centro Democratico (UCD). With general elections now almost certain to be brought forward from spring next year to this autumn there is a sense of drift and caretaking about economic policy.

So far this year the Treasury has resorted to the Bank of Spain to the tune of Pta 520bn (£2.7bn), which is more than the budget envisaged for the whole of 1981. *Last year*, the Treasury's total from the Bank of Spain was Pta 470bn, while accumulated advances to the Treasury totalled Pta 671bn.

Part of this is easily attributable to the effects of inflation on nominal salaries, recession hitting tax receipts, increased aid to the unemployed and bigger pay-outs to pensioners — factors which the administration has not had to handle simultaneously before. At the *same time, however, current* spending continues to be poorly controlled and one huge area— that of the social security budget which is as large as the *normal budget*—defies unravelling and resists all attempts at rationalisation.

Jose Ramon Alvarez Rendueles, Governor of the Bank of Spain, warned of the Government's monetary policy being undermined by the growing public sector deficit

Between 1977 and 1981 current public spending has increased 2.4 times, raising its share of gross domestic product, from 24 to 30 per cent. Meanwhile total tax receipts as a percentage of GDP, have failed to keep pace — rising from 23 per cent to 27 per cent.

Perhaps a more alarming *statistic is that in the past four* years the public sector deficit has more than doubled its share of GDP and now stands at 3.6 per cent. Last year economists were *content to say*: "It is not so much the quantity of the public sector deficit but the quality." Now talk has switched to the accelerated speed at *which this deficit has grown.*

There is, in short, need for greater fiscal pressure through increased indirect taxes, reduction of tax evasion through second jobs or by self-employed and rationalisation of tax write-offs.

Tax reforms were introduced in 1979, but *Spain remains* well behind most European countries in operating a system that seeks a fairer distribution of wealth. Considerable scope exists for *raising taxes on prime consumer* items, like drink and tobacco, and companies, for instance, make good use of poor control *of export earnings which have* important tax write-offs.

Any move to tamper with direct or indirect taxes however, is politically explosive in the present climate. Thus there is a sense of resignation that the public sector deficit will rise, and that the money supply will increase (at present it is two points above the 15 per cent target) with all the inflationary consequences.

As it is the rate of inflation, *gradually brought down to more* manageable proportions from almost 30 per cent of 1977-78, is moving upwards again. Projections of 12-13 per cent inflation have been revised close to 15 per cent. Spain is over 4 per cent above the average inflation rate of the seven major OECD countries.

This is not because of wages, which have been the one positive feature. As a result of the social contract between the *Government, employers* and trade unions a 9-11 per cent wage band has been observed. The average settlements in the private sector are around 10.5 per cent. The push has come from prices, especially foodstuffs, and more recently from the effects of the devaluation of the peseta. In the first six months of the year the peseta declined 16 per cent against the dollar, the bulk of the decline occurring in the past month. The slide has been such as to prompt *speculation about new* petrol price rises.

The effects of the peseta's depreciation have not only been *felt on prices. The authorities* have been obliged to mount their biggest support operation of the currency since early 1977.

In the first four months of 1982, the Bank of Spain spent $1.3bn (£755m) in supporting the peseta, while convertible reserves have fallen by $1.6bn to $9bn—the same level as the end of 1978, but with imports costing over a third more. Capital inflows have dried up as a result of high interest rates abroad.

Bank of Spain economists point out that June to the end of September is the period during which tourist receipts provide an influx of foreign exchange and that the total loss to reserves for the year could be no more than $1.6bn with a $4bn balance of payments deficit. But these figures are disputed by the private banks and the peseta is continuing its downward movement.

The mix of political uncertainty, renewed inflationary pressures, doubts about the parity of the peseta and concern over the *public sector* deficit, when added to the international outlook of continued recession and high dollar interest rates, makes gloomy *reading for the private* sector. Growth is unlikely to be more than 2 per cent, especially if the drought persists this year for the *second year running*. This underlines the continuing rise in unemployment.

The hope of providing 350,000 jobs—a basic element in the social contract—to stabilise unemployment has evaporated. In the first quarter, unemployment increased by 74,000 and now tops the 2m mark, 15 per cent of the working population. For unemployment to stabilise now would require an average growth in 1982 of 3.5 per cent.

The *unions know this* to be a pipe-dream and are starting to become restive. But they are held back by the prospect of an autumn election, reluctant to undermine the chances of a Socialist triumph.

Community demand for steel falls sharply

By Arthur Smith, Midlands Correspondent

DEMAND FOR steel throughout the European Community dropped by 25-35 per cent from the first to the second quarter, stockholders report.

The extent of the drop has caused surprise and concern, Mr Richard Rawlins, director of Britain's National Association of Steel Stockholders, said last night. The amount of steel "swilling around Europe" would put new pressures on pricing and orderly marketing, he said.

The Club des Marchands, representing stockholders from the 10 countries within the Community, meeting in Brussels last week, reported a slump in orders starting in mid-March. The fall in demand was mainly within the band of 25-35 per cent, but there were variations between products and *countries. West Germany* and Italy were down by as much as 40 per cent, he said.

The trends identified by stockholders are a good guide *to economic activity as they* handle around half the steel sold within the Community.

The European Commission last week acknowledged the *fall in demand by cutting* steelmakers' third quarter production quotas by up to 20 per cent from the level of the second quarter.

The Commission forecasts crude steel output between July and September of 26.2m tonnes, compared with 30.1m tonnes in the corresponding *period of* 1981, and 32m tonnes in the first quarter of this year. Second quarter figures are not yet available.

Even with the proposed *cuts in output, the current* surplus of steel within the Community will put pressure on the pricing control system under which the Commission *requires all producers and* most stockholders to post and hold to their prices for most products.

Mr Rawlins said there was *serious over-capacity in the* stockholding industry, not only in Britain, but throughout Europe. "If the line breaks, there will be a reduction in the number of stockholders," he said.

Companies most at risk were the medium-sized operations, with a turnover of perhaps £2m-£3m. They did not have the purchasing power of the large companies.

THE EUROPEAN COUNCIL

Ten demand withdrawal of Israeli invasion force

THE FOLLOWING is the text on the Middle East issued at the European council meeting:—

1—The Ten maintain their *vigorous condemnation of the* Israeli invasion of Lebanon. They are greatly concerned about the situation in that country and in particular in Beirut. They believe that the present ceasefire must at all costs be preserved.

This ceasefire should be accompanied on one hand by an immediate withdrawal of Israeli forces from their positions around the Lebanese capital as a first step towards their complete withdrawal, and on the other hand by a simultaneous withdrawal of the Palestinian forces in West *Beirut in accordance with pro*cedures to be agreed between the parties.

In order to facilitate this withdrawal, the separation of forces would be controlled during this short transition period by Lebanese forces and, by agreement with the Lebanese Government, by UN observers or forces.

2—The establishment of a final peace in Lebanon requires the complete and prompt withdrawal of Israeli forces from that country as well as the departure of all foreign forces except those which may be authorised by a legitimate and broadly representative Govern*ment of* Lebanon whose authority would be fully re-established over all its national territory. The Ten support all efforts for the achievement of these objectives.

Chancellor Helmut Schmidt left the European Council in Brussels yesterday to return to Bonn for crucial budget talks which could decide the fate of his coalition government, Reuter reports. He was due to confer later in the day with Herr *Hans Dietrich* Genscher, leader of the junior coalition party.

3—For the present the Ten have decided to continue their activity to bring relief to the population in *distress and, in* this context, call on all parties to act in accordance with Security Council Resolutions 511 and 512 and to co-operate with the responsible international agencies as well as with Unifil. They are also ready in due course to assist in the reconstruction of the country.

4—Anxious to initiate, over and above the settlement of the Lebanese problem, the lasting restoration of peace and security in the region, the Ten wish to see negotiations based on the principles of security for *all states* and justice for all peoples, all the parties concerned should *be* associated with these and this should accept one another's existence. Israel will not obtain the security to which it has the right by using force and creating *faits accomplis*, but it can find this security by satisfying the legitimate aspirations of the Palestinian people, who should have the opportunity to exercise their right to self-determination with all that this implies.

They believe that for negotiations to be possible, the Palestinian people must be able to commit themselves to them and thus to be represented at them. The position of the Ten remains that the PLO should be associated with the negotiations.

The Ten wish to see the Palestinian people in a position to pursue their demands by political means.

Lebanon conflict, Page 6

Lower interest rates essential to recovery of world economy

THIS IS the communique on United States European Community relations issued yesterday at the European summit:

The European Council had a detailed discussion of the development of economic relations between the European Comunity and the United States.

In particular, the European Council considered that it was in the interests of the world economy to adhere to the lines of policy agreed by the participants at Versailles. It confirmed its intention for its part of doing so to the full.

It considered that a lowering of interest rates was a pre-requisite for the recovery of the world economy and expressed the hope that the U.S. Administration and Congress will take the necessary decisions to resolve the problem of the budget deficit.

So far as trade policy issues were concerned, the European Council confirmed the conclusion of the ministers for foreign affairs, meeting in the Council on June 21-22, with respect to the decisions or intentions announced by the United States concerning steel markets, and export and licensing of equipment for inclusion in the gas pipeline, and those concerning the common agricultural policy.

The European Council emphasised its view that the maintenance of the open world trade system will be seriously jeapordised by unilateral and retroactive decisions on international trade.

The European Council there*fore considers that it was of the* highest importance:

● To defend vigorously the legitimate interest of the Community in the appropriate bodies, in particular the Gatt.

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EEC to revive U.S. talks on steel dispute

BY GILES MERRITT IN BRUSSELS

NEGOTIATIONS between the EEC and the U.S. aimed at settling the bitter transatlantic steel row are shortly to be relaunched by the European Commission as a result of the firm directive for fresh talks issued by EEC heads of government at the end of their two-day Brussels summit.

The U.S. Government has already indicated that it is prepared to entertain new discussions on steel with the Community. Following last week's visit to Brussels of Mr William Brock, the U.S. Trade Representative, Washington is understood to have been considering the framework on which a steel compromise settlement could be based.

EEC member states, the Commission and the Reagan Administration appear to be in full agreement that a solution to the deadlocked steel problem is a more likely development than a breakthrough over the Soviet gas pipeline embargo by the U.S. that is also severely straining EEC relations with Washington.

There have been reports of a "trade-off." under which the U.S. would modify its extension of anti-Soviet sanctions forbidding U.S. subsidiaries to supply pipeline contracts in return for an EEC acceptance of the latest OECD export credit consensus proposals. But such a pact looks unlikely.

Mr Richard Burt, the U.S. Under Secretary of State-designate responsible for European Affairs, yesterday held talks in Brussels with senior Commission officials. But, rather than discuss details of any such arrangement, he emphasised the importance of ensuring that transatlantic trade tensions should not sour political or defence relations.

The mandate that the European Council, in its communique, has given the Commission to resume the EEC-U.S. talks on steel which foundered last month is considered sufficiently open to permit officials to strike some form of pact placing ceilings on European steel exports to the U.S. market.

Such an arrangement, however, would need to be concluded in advance of the mid-August deadline set by the present U.S. procedures against allegedly subsidised EEC steel shipments. Otherwise, the preliminary countervailing duties of up to 40 per cent that have been imposed on some steel products from Britain, Belgium, France and Italy would be liable to become definitive.

The broad thrust of the EEC negotiating team, which will probably be headed by Viscount Etienne Davignon, the Industry Commissioner, will also be to ensure that steel tubes from Europe should not be hit, too, by further U.S. curbs.

Pressure from U.S. tube makers has led to a parallel subsidies probe being launched against the Community's producers. If concluded, this could increase the financial cost to European industry of the U.S. steel measures by up to one-third again.

The U.S. action is already expected to cut 1.5m tonnes off total EEC steel exports in the third quarter of this year. This would mean that, in some categories, the bulk of Europe's traditional U.S. sales will have dried up.

The undermining of the Community's prices and production steel regime by the U.S. measures was reviewed in Brussels on Monday by the 12 largest steel makers, grouped in the Eurofer "club." Fears that the system's price disciplines could shortly be threatened is understood to be accentuating the Commission's concern that a steel deal with the U.S. must be concluded during July.

Mitterrand reveals his Gaullist streak

By John Wyles in Brussels

THERE IS more than a touch of de Gaulle about President Francois Mitterrand's style and a strong streak of Gaullism runs through his diplomacy.

Last week in Madrid, he appeared extremely unhappy about the prospect of Spain joining the European Community. Was he vetoing Spain's application to join, and by implication that of Portugal? Not at all, he told heads of government at the summit which closed here yesterday. France remained politically committed to enlargement but was extremely concerned about the problems it would cause.

French concern thus became the Community's concern and M Mitterrand has secured agreement to moves which will almost certainly delay Spanish and Portuguese membership, possibly for years. The two countries had hoped to join on January 1, 1984.

This was beginning to look over-optimistic before M Mitterrand launched his tactical assault. It now looks virtually impossible, although Italy, Britain, the Netherlands and Denmark said yesterday they hoped it would still be possible.

What happens next is that the European Commission will conduct a "diligent" examination of the problems associated with Spanish and Portuguese membership. This means that it must look at the possible impact on the common agricultural policy, the emerging fisheries policy, the implications of free movement of Spanish and Portuguese labour as well as at the capacity of the EEC budget to finance a Community of 12.

It is not clear whether France wants to impose a long pause, but it certainly wants the opportunity to impose one.

The reasons appear to be threefold:

- France seems increasingly disappointed with the Community and keenly aware of the financial and political problems which will flow from enlargement. How, they are asking, can the EEC blithely accept two more member states when it has not sorted out how its activities will be financed once the looming ceiling on its budgetary resources is reached.
- M Mitterrand has severe domestic politic problems with his own Mediterranean farmers who are an important source of left-wing votes but who rightly fear the impact of competition from Spain.
- Previous enlargements have not been a happy experience for the Community. Britain remains dissatisfied nearly 10 years after joining and, within 12 months of its arrival, Greece has been trying to renegotiate its terms. Paris is loathe to contemplate a future in which Spain and Portugal could join the ranks

Danish demand delays bid for fisheries policy

BY LARRY KLINGER IN BRUSSELS

THE European Community's continuing efforts to establish a comprehensive and durable fisheries policy, yesterday stumbled over a Danish demand for a big increase in its share of the proposed overall EEC catch.

As yesterday's Council of Fisheries Ministers continued into the night, the European commission was still struggling to prepare quota proposals which Denmark could accept as a basis for negotiation.

Provisional agreement has been struck between Britain and its Comunity partners on the broad outlines for continued limited access to UK coastal waters, but Denmark's demands have emerged as the biggest obstacle

All delegations last night indicated a willingness to continue talks if there was a chance of a breakthrough.

But there was a growing feeling that, even if the Commission succeeded in drafting new proposals, the Ministers might have to postpone further negotiation to study the details.

Denmark has not publicly spelt out its full demands. But indications emerging from discussions by the member-states' technical experts lasting into the early hours of yesterday were that the Danes are seeking an extra 50,000 tons of prime fish and a greater "flexibility" to adjust quotas on a yearly basis once a common policy has been established.

Harder line means fewer lines to Moscow

BY ANTHONY ROBINSON IN MOSCOW

THE WESTERN community in the Soviet Union reacted angrily yesterday as the news spread through Moscow of drastic cuts in the number of telephone lines to Western Europe and the U.S.

In Britain's case, lines from the Soviet Union are being reduced from 46 to 14, and from 42 to 14 in the opposite direction.

The Soviet intention to cut telephone links to the West by more than 60 per cent from July 1 had been passed on not to governments but to the various national telecommunications companies as essentially a technical measure.

Lines will not be restored until the end of 1984, following major repair work, according to the Soviet telecommunications organisation. Some Western diplomats have been told that "staff shortages" were also to blame, although it was not specified whether these were in telephone operators or those employed monitoring calls to the West.

Although lengthy closures for repair work are a prominent feature of Soviet life, few Western residents in Moscow believe it is beyond the resources of the Soviet Union to maintain its existing direct and operator-dialled network with the West. The real reason is believed to be a desire to curb telephone communications between Soviet citizens and the West.

Trunk dialling was introduced for the Moscow Olympics in 1980. Since then, an increasing number of citizens have maintained contacts by telephone with family and friends in the West and vice-versa. Dissident groups, including the recently formed independent peace movement, have also been able to put their views across in this way.

The new restrictions run contrary to the spirit and letter of the 1975 Helsinki agreements and Western diplomats suspect that the decision reflects a harder line by the KGB, under Mr Vasily Fedorchuk, its new head, on communications with the West.

At the same time, however, the Soviet passport office granted an exit visa to Mr Josef Klibitski, one of the last of seven hunger strikers who fasted for weeks for the right to emigrate to join their families abroad. Only one hunger striker is stil lawaiting permission to leave. He is Mr Segei Petrov, a 25-year-old freelance photograhper, with a wife in the U.S., who joined a hunger strike late and has now fasted for 25 days.

The latest moves appear to represent a two-pronged policy: a more "liberal" emigration policy towards those determined to give up their Soviet citizenship, coupled with less chance of "corrupting" contacts with the West for the vast majority who stay behind.

Start makes a cautious opening

By Brij Khindaria in Geneva

CAUTION MARKED the opening of the latest round of arms reduction talks between the U.S. and the Soviet Union here, with the U.S. chief negotiator insisting that only a Western arms build-up would keep Moscow at the negotiating table.

General Edward Rowny met Mr Viktor Karpov, his Soviet counterpart, for about an hour yesterday mainly to work out procedures for the negotiations, dubbed by President Ronald Reagan as Start, the Strategic Arms Reduction Talks.

The main event yesterday was the patient hearing given by Mr Karpov to a three-page letter addressed to Gen Rowny by Mr Reagan blaming the "massive build-up of the Soviet Union's ballistic missiles force over the past 15 years" for destabilising the strategic relationship between the two super-powers.

Mr Karpov made no immediate comment on the letter or on the talks so far. But officials made clear that Moscow is waiting to see whether Mr Alexander Haig's resignation as U.S. Secretary of State will affect the tone of U.S. positions in Geneva.

Sharp blow to Italy's chances of compromise on wage indexation

BY JAMES BUXTON IN ROME

THE Italian Government's chances of reaching a compromise between employers and trade unions on the future of the Scala Mobile wage indexation system worsened sharply yesterday.

Hours before it was to meet Sig Giovanni Spadolini, the Prime Minister and the three main union leaders, Intersind, the organisation which represents the management of state-run companies, decided to abrogate its 1975 agreement to honour the wage system. It thus followed in the steps of Confindustria, the private sector employers' association.

The positions of the employers and the unions have hardened following the impressive display of union strength in last Friday's one-day general strike.

Several smaller employers' associations followed in Confindustria's footsteps, saying they will stop paying wage rises in line with the Scala mobile from next February when the agreement expires.

Mrs Margaret Thatcher is making a one-day visit to Italy next Wednesday, for talks with Sig Giovanni Spadolini, the Prime Minister, writes James Buxton in Rome. It will provide an opportunity to repair relations soured by Italy's decision in May not to renew the EEC sanctions against Argentina during the Falklands crisis.

Britain may be expected to convey its hurt feelings, but both sides are likely to stress the need for business as usual. Sir Geoffrey Howe, the Chancellor of the Exchequer, and Mr Francis Pym, the Foreign Secretary will also attend.

The Government had been counting on Intersind, which represents the employers in IRI, ENI and other state industrial companies, not to abrogate the agreement. Earlier this month Intersind apparently decided to delay its decision for another four months.

But on Monday night, Sig Ettore Massacesi, Intersind's chairman, who is also head of the state-owned company Alfa Romeo, was obliged by his committee to abrogate the agreement. He announced his resignation yesterday, saying that the policy he had been pursuing had not been approved by his colleagues.

The Intersind decision was greeted angrily by Sig Gianni de Michelis, the Minister responsible for the state industrial sector, as a "serious obstacle to an agreement." It is believed that the Christian Democrat members of Intersind's board defeated the Socialist Party representatives on the issue.

The hardening of party positions on the indexation issue is mirrored by deepening tensions within the Government on the composition of a new economic package.

An agreement on the future of wage indexation, which is considered responsible for many of Italy's economic problems, should be attainable.

Sweden shows current account deficit

STOCKHOLM—Sweden had a current account deficit of SKr 3.35bn (£306m) in the first quarter of this year, compared with SKr 2.743bn (£258m) in the same quarter of 1981, according to revised figures from the central bank.

The deficit reflected a higher outflow of interest and dividend payments abroad, the bank said. The balance of interest and dividend payments showed a deficit of SKr 3.7bn (£349m) compared with SKr 2.1bn (£198m) in the first quarter of 1981 and SKr 3.4bn (£320m) in the final quarter of last year.

The bank points out, however, that Sweden's trade balance improved to a SKr 543m (£51m) first-quarter surplus, compared to a SKr 296m (£28m) deficit a year earlier and a SKr 1.063bn (£100m) deficit in the last three months of 1981.

On the capital account, there was a surplus of SKr 741m (£70m), against a SKr 295m (£25m) deficit a year ago. However, the surplus plunged sharply from the SKr 4.171bn (£393m) figure in the fourth quarter of last year.

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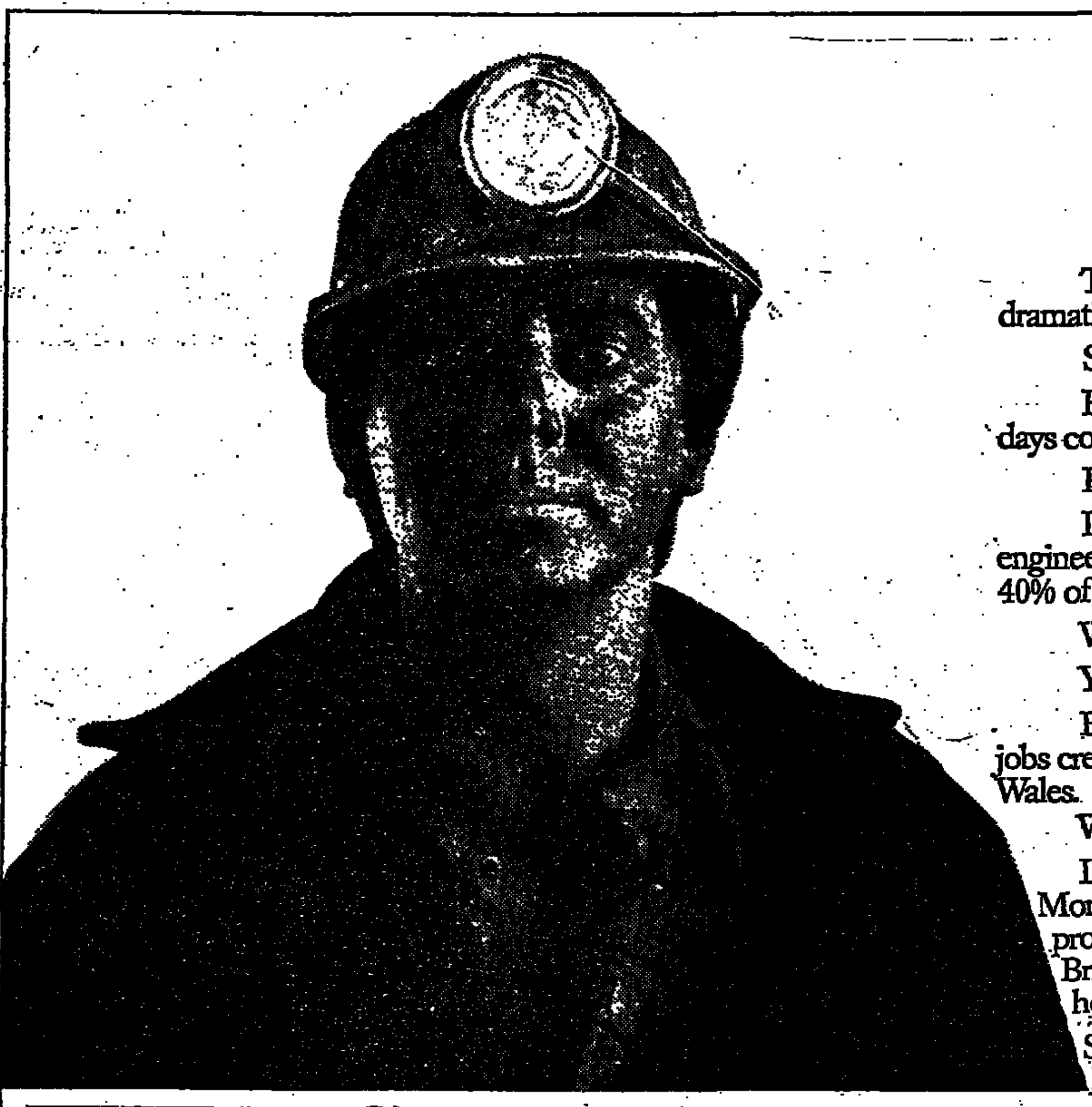

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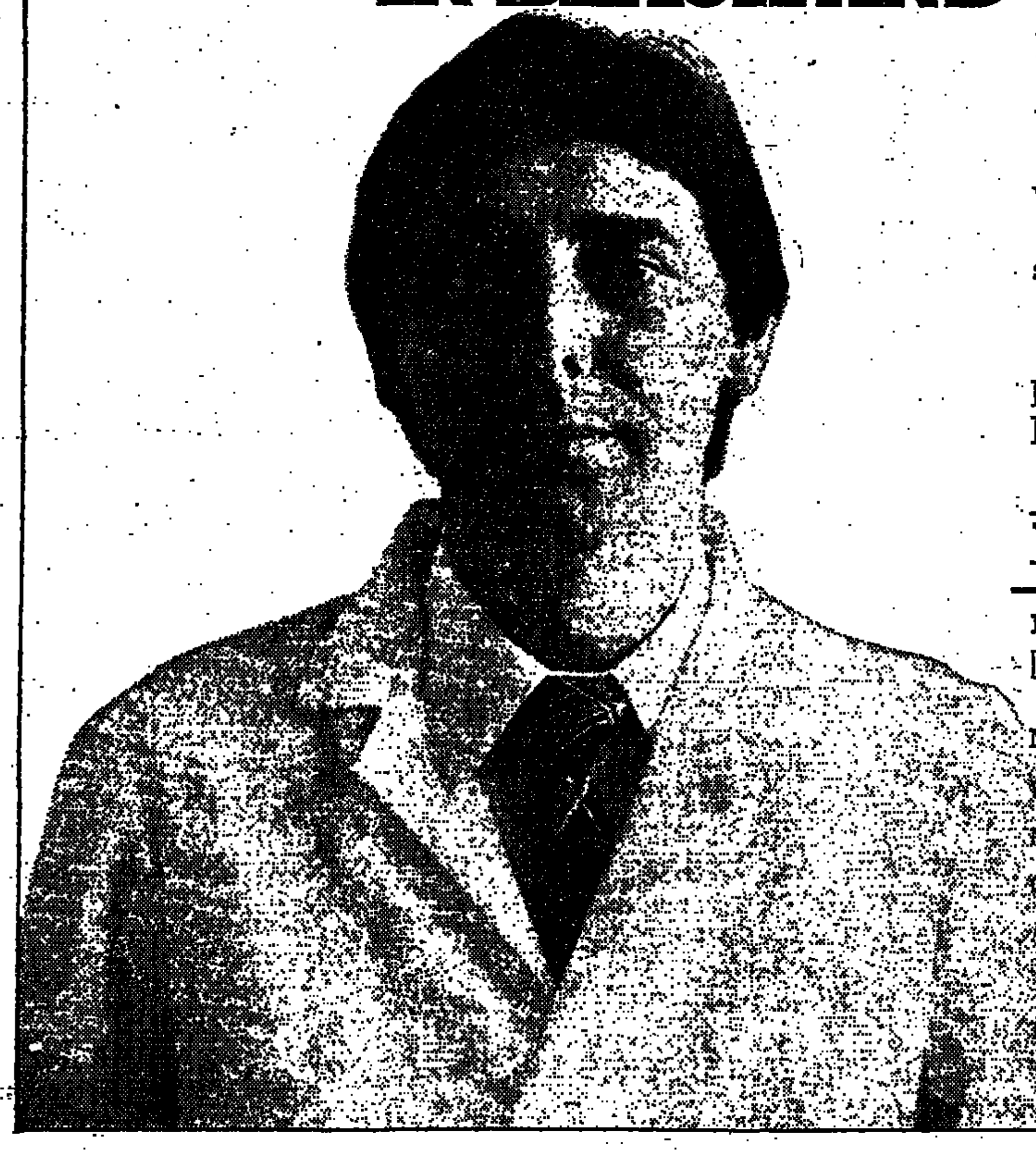


AMERICAN NEWS

Donovan may be forced to resign despite report

NEW YORK — Mr Raymond Donovan, the U.S. Labour Secretary, may have to resign despite a special prosecutor's finding that there was insufficient evidence to indict him on charges of links to organised crime, according to the head of the Senate labour committee.

Orrin Hatch, committee chairman, a Republican, said that despite Monday's report, "It would be difficult for anybody to hang on to a Cabinet-level position when nearly one-half of the Senate has asked him to step aside."

A White House spokesman said President Reagan had phoned his Labour Secretary to congratulate him. The President was said to be extremely pleased with the report, by special prosecutor Leon Silverman, which said there was insufficient evidence that Mr Donovan had ties to organised crime.

Other White House officials said the report was being carefully studied to see if Mr Donovan had acted improperly.

Mr Silverman said he found "insufficient credible evidence" that Mr Donovan was present at a lunch in which a $2,000 (£1,116) bribe was alleged to have been passed by an official of Mr. Donovan's Schiavone Construction Company to a union official.

The report also found insufficient evidence that Mr Donovan had given a bribe to a newspaper union official.

At a Press conference at his office in New York, Mr Silverman refused repeatedly to say whether his report gave the Labour Secretary "a clean bill of health."

"I found insufficient credible evidence of wrongdoing. If you want to call that a clean bill of health, that's your business. . . . I don't use words like that."

Mr Silverman also said he had asked the Federal Bureau of Investigation (FBI) to look into the murder this month of Frank Furino, a union official whose body was found after he had testified to a special grand jury on the Donovan case.

Reuter

Grenada agrees to end row over power station

BY DAVID TONGE

THE GRENADA Government has agreed to pay £235,000 to Britain's Commonwealth Development Corporation to end the three-year-old dispute between the two over the island's only electricity generating station.

The agreement, which should remove a major irritant to British-Grenadan relations and open the way to other aid to the hard-pressed island, was announced by the CDC in London yesterday.

The corporation is selling its 59 per cent shareholding in Grenada Electric Services and being compensated for interest and outstanding loans.

The left-wing Government of Mr Maurice Bishop, who seized power three years ago, had long alleged that the electricity company was working against its interests.

Mortgages ruling could hit home sales

By Louise Kehoe in San Francisco

A DECISION by the U.S. Supreme Court regarding the legality of "due on sale" clauses in mortgage contracts is expected to have a major impact on the U.S. real estate market.

The Supreme Court has decided that federally-chartered Savings and Loan Associations have the right to force mortgage holders to pay off their loans when a home is sold.

This aspect of mortgage contracts had been challenged in 19 states, and in California the state court had ruled that it was not enforceable.

This has allowed home sellers to pass on existing mortgages—at interest rates below current rates—to purchasers.

In the currently depressed real estate market, "assumable mortgages," as they are called, along with owner financing of sales, have become the standard method of home financing. Now, these assumable mortgages will not be available from federally-chartered Savings and Loans.

In California about 15 per cent of the home loan issues come from the federally chartered institutions. But many are now expected to switch their charters and become federal associations.

One effect may be to lower interest rates, real estate agents hope. But if, as is now anticipated, the Supreme Court follows this decision with a similar ruling applying to the state registered savings and loan associations, then the impact on the U.S. real estate market could be devastating.

Jim Rusk, in Ottawa, examines Canada's interim budget

In search of lost confidence

IN A BID to restore business confidence in a sagging economy Mr Allan MacEachen, Canada's finance minister, in a hastily prepared budget, eased back foreign investment review requirements and offered a series of concessions to investors. The Foreign Investment Review Agency (Fira), which has come under heavy criticism recently from a number of foreign governments — including the UK and the U.S.—will have its wings clipped slightly.

Canada remains committed to the goal of insuring that foreign-controlled companies contribute fully to the development of an internationally competitive industrial structure in Canada. Mr MacEachen said, however, that efforts must be made to avoid red tape and extended delays in the processing of Fira applications.

Four significant changes are being made to Fira regulations in an effort to speed up and simplify the processing of applications.

First, the threshold for review under small business procedures, which use a short form and are theoretically completed in three weeks, is raised from C$2m (£900,900) of less in assets and 100 employees, to C$5m or less in assets and 200 employees.

Second, where control of a foreign-controlled Canadian company changes through the takeover of its parent, the threshold for the use of the short procedure is C$15m or less in assets and 600 employees.

Third, small business investments are only made subject to the full review procedure in the exceptional circumstance that the proposed investment appears to raise important policy questions for Canada.

Finally, for an application requiring a full review, the Agency's procedures are to provide greater clarity about the interpretation of the act, to simplify its internal procedures and to confine its examination to the key elements of the proposals. The Finance Minister also effectively acknowledged that the pace of takeovers of foreign-owned oil and gas companies under the controversial National Energy Programme (NEP) has been far too fast in the past year.

The main points in Canada's federal budget announced on Monday.

- Budget deficit to rise to C$19.6bn in 1982-83 compared to C$10.5bn forecast last November and an estimated C$12.9bn in 1981-82.
- Government spending to rise by C$2.6bn from C$75.5m estimated in November.
- Over 500,000 public sector workers' pay rises to be limited to 6 per cent this year and 5 per cent next year. Private sector to be encouraged to follow these guidelines.
- Threshold for investment projects by foreign companies to be reviewed under foreign investment rules raised from C$2m and 100 employees to C$5m and 200 employees.
- C$2.3bn programme to create jobs and subsidise interest rates for new home buyers, small businesses and the fishing and farming industries.
- Canadianisation of energy assets to be slowed in next few years to ease pressure on the balance of payments, but the target of 50 per cent Canadian ownership by 1990 remains.

Allan MacEachen . . . Canada must become a tougher, more resilient society.

The Government is not backing away from the goal of 50 per cent Canadian ownership of the energy industry by 1990 but, "we do not need, and do not intend, to press the pace of Canadianisation of foreign energy holdings in the years immediately ahead," Mr MacEachen told the Commons.

Mr MacEachen also tabled a series of proposals for major innovations in the tax system designed to reduce both the taxation of investment income and interest rates to borrowers. These proposals will be reviewed by a blue chip committee of businessmen which will report by September 30.

Among the changes to be reviewed are suggestions for a new form of term deposit in which that part of the interest that only reflects inflation would not be taxable, and new plans for common share issues of Canadian companies in which capital gains would not be taxed on that part of the gain that only reflects inflation.

Mr MacEachen did not change the basic fiscal and monetary stance of the last budget, but he announced that the deepening recession has sharply widened the budgetary deficit and has increased the Government's cash requirements. The projected deficit for the fiscal year that began April 1 is now C$19.6bn, compared with C$10.5bn predicted in November and C$12.9bn the previous fiscal year.

Mr MacEachen argued that Canada must become "a tougher, more resilient society. The way out of recession is to bring down inflation and increase productivity." At an annual rate of 11.8 per cent in May, he said, inflation remains too high and, while the Government did not impose a broad system of wage and price controls as it did under similar circumstances in 1975, Mr MacEachen put the lid on the federal public sectors.

Over the next two years, wage increases for 500,000 public servants and employees of Crown Corporation, including Members of Parliament and Cabinet Ministers, will be limited to 6 per cent the first year and 5 per cent the second. Ottawa is asking the private sector to accept the same guideline voluntarily.

Federal regulatory agencies administering prices and public transportation, communications and foodstuffs, will also be asked to adhere to the 6 and 5 per cent limits. Similarly, indexing of the personal income tax system, which has been fully adjusted against increases in the consumer price index since 1973, will be limited to 6 per cent in 1983 and 5 per cent in 1984.

Over the next two fiscal years these measures, coupled with other expenditure deferrals and cuts, will result in savings of about C$3bn. The Finance Minister allocated C$2.3bn of this to job creation, stimulation of the housing sector, assistance to small businessmen, farmers and fishermen and reductions in tax. The remainder is being held in reserve for next year's budget.

Consensus emerges behind Bignone

By Jimmy Burns in Buenos Aires

THE POSITION of General Reynaldo Bignone, Argentina's President-designate, has been strengthened following a series of intense negotiations between the country's top military leaders.

Reconciliation between the three members of the junta—army chief Gen Cristino Nicolaides; air force chief Brig Gen Basilio Lami Dozo; and navy Chief Admiral Jorge Anaya—was close to materialising yesterday afternoon, as they met to discuss the appointment of a civilian vice-President.

The creation of such a post was being widely seen in Buenos Aires as a compromise solution for the junta which is split deeply over the choice of Gen Bignone. While the President designate has the backing of Gen Nicolaides, the navy and air force chiefs have pulled out of government because they favoured a civilian to replace the ousted Gen Leopoldo Galtieri.

The new consensus which has been forged within the junta follows a successful first meeting last week between Gen Bignone and the leaders of the Argentina's opposition parties.

Representatives of the five party groupings, the Multipartidaria, emerged from the talks reassured by Gen Bignone's commitment to lifting the ban on political activity and holding elections by 1984.

While the assumption of power by Gen Bignone tomorrow has been virtually assured, Argentine politics remain far from stable.

Within the military, divisions persist among lower ranking officers who have become extremely critical about the conduct of the Falklands campaign.

The opposition parties, meanwhile, are conditioning their acceptance of the new Government on its future policies, which are yet to be defined. There were unconfirmed reports yesterday that Gen Bignone had picked Snr Jose Dagnino Pastore as the new Economy Minister.

Snr Pastore, who served during the presidency of Gen Juan Carlos Ongania (1966-1970) has a reputation as a "liberal" free marketeer.

- Three British journalists who have been imprisoned in Argentina for nearly three months on spying charges arrived in Buenos Aires yesterday morning, after being released on bail from their jail in Ushuaia in Patagonia.

Mr Simon Winchester, of the Sunday Times, and Mr Ian Mather and Mr Tony Prime of the Observer, were arrested by navy personnel near the air base of Rio Grande, shortly after Argentina's invasion of the Falkland Islands on April 2.

They are now awaiting permission from the Argentine authorities to leave the country after an initial application to cross the Southern Argentine border into Chile was refused by a local judge.

U.S. judge orders release of Haitians

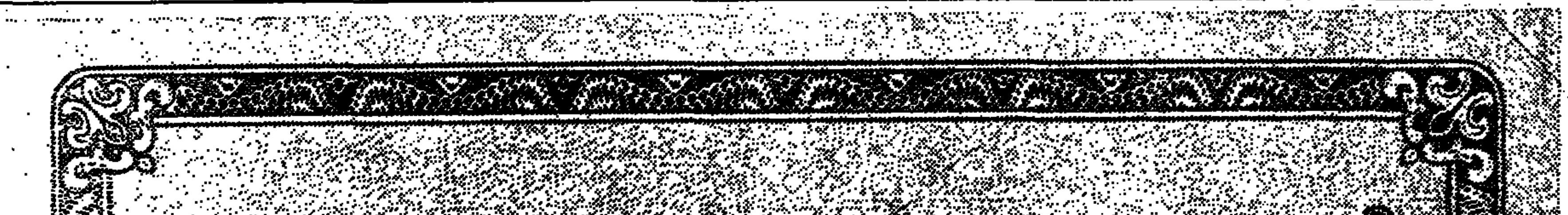
BY ANATOLE KALETSKY IN WASHINGTON

IN A RULING that could strain U.S. relations with right wing governments in Latin America, a federal judge in Miami has ordered the U.S. Government to release 1,910 Haitian refugees who were put into detention when they illegally entered the country seeking political asylum from the regime of President Jean-Claude "Baby Doc" Duvalier.

Yesterday's ruling follows three months of highly publicised and emotional litigation between the Justice Department and civil rights organisations. It may open the way to further challenges against the Reagan Administration's distinction between the political repression of left-wing regimes, such as those in Poland, Nicaragua and Cuba, and the "economic repression" of right-wing governments in Haiti, El Salvador and Guatemala.

The Justice Department has argued that the Haitians, many of whom have been held in makeshift detention camps and what the U.S. media have frequently described as "appalling" conditions, were free to return at any time to their own country. They were, therefore, not being illegally imprisoned, according to the U.S. Government.

Lawyers for the Haitians contended that many of them would face political persecution at home, but the Justice Department claimed that they were in fact fleeing "economic" not political repression. The U.S. Government fears that acceptance of Haitian refugees could open the floodgates to tens of thousands of refugees from other Latin American countries which are in economic and political turmoil.



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RIO DE JANEIRO, JUNE 30, 1982

PURCHASES AND MATERIAL SUPERINTENDENCY —SUMAT

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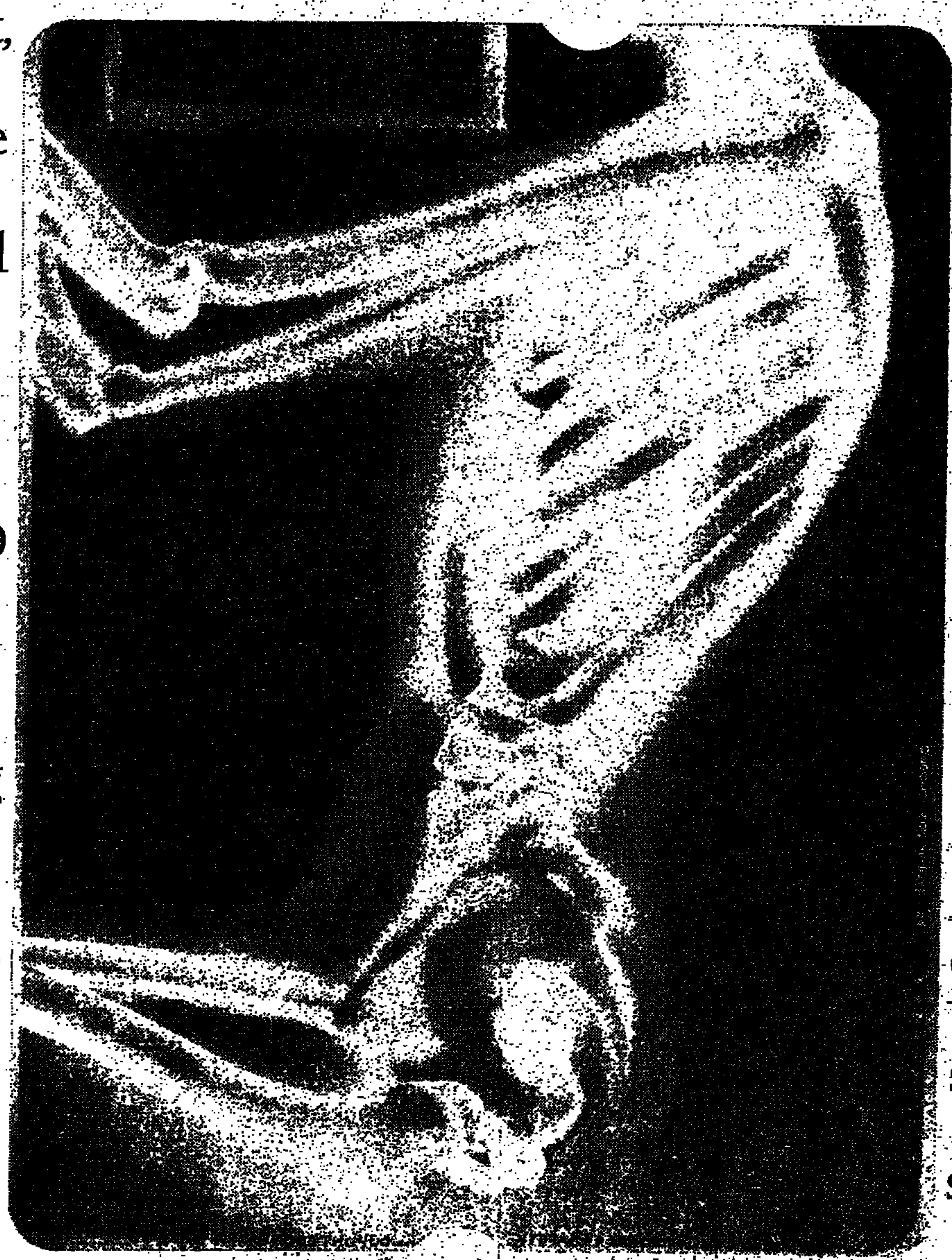

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Reginald Dale, U.S. editor, in Washington, explains the Administration's dilemma over its attitude to Israel's action

Televised corpses fail to toughen U.S. policy

THE AMERICAN people, and the major television networks most of all, felt frustrated at being deprived of direct live coverage of the war in the Falkland Islands. After Vietnam, beamed into living rooms every night, it did not seem like a real war if it could not be gaped at over a TV dinner.

The Israelis have made up for all that in the past few days. Peak-time viewers have had their fill of aerial dogfights, artillery fire, loud explosions and death. Some of it is censored by the Israelis, but the networks let you know when Jerusalem has objected to a certain sequence.

What the Israelis don't want you to see are the pictures of civilian casualties. It is arguable whether censorship of these shots, leaving the imagination free to run wild, is productive or not, but it is certainly true that this is the most sensitive issue in the formation of U.S. opinion on the latest Middle East war.

Basically, most Americans believe that the Israelis have every right to seek and destroy the "terrorists" who are threatening their homeland. Americans, on the whole, are supporters of Israel, and they don't like terrorists.

Support for Israel has declined since the initial stages of the invasion, but the latest opinion polls still show a majority in favour of Israel's action. The same is true of the letters and telegrams that customarily arrive at the White House, apparently unsolicited, on such occasions.

There is little doubt, however, that if support has fallen it is *because of the civilian casualties*. There is an increasing feeling that the Israelis have gone too far, however understandable their initial aims. There is almost certainly less support for Israel's fighting methods than in any previous Middle East conflict.

U.S. Government policy reflects a similar dilemma. The Administration privately tends to believe that the eradication of the Palestine Liberation Organisation (PLO) from Lebanon is probably a good thing.

The question is how far it can be seen to be openly backing Israel. Too much support for Israel will obviously antagonise the moderate Arab countries, notably Saudi Arabia, which are enraged at Israel's action, and undermine the whole basis of President Ronald Reagan's Middle East policy. He wants the moderate Arabs as his allies against Soviet expansionism.

There is another school of *thought, however, which argues* that to withdraw support from Israel will only prolong the fighting. The PLO would be encouraged to continue to resist, and the final outcome would be more bloody and less in line with U.S. interests. Everyone knows that Israel is the U.S.'s ally, and the less blood it spills, the better for American attempts to win other friends in the region.

Mr Alexander Haig, the outgoing Secretary of State, was an advocate of the "don't abandon Israel" theory. He saw Israel as a key strategic ally and thought that a public U.S. condemnation of Israel would incite the PLO and reduce U.S. influence in Jerusalem. No Washington politician, either, can dismiss the power of the Jewish lobby, the most effective single political pressure group in the U.S.

The reasons for Mr Haig's resignation are complex and various, but one strand was undoubtedly disagreement with the White House over the Middle East. Mr Haig wanted to fly to Jerusalem at the Israelis' invitation. The White House said no, and started giving instructions to Mr Philip Habib, Mr Reagan's special envoy on the spot, without referring to Mr Haig first. It continued to make Middle East policy without consulting Mr Haig by leaking an alleged "pledge" by Mr Menahem Begin, the Israeli Prime Minister, not to send his forces into Beirut.

Mr Reagan, like the public as a whole, had *become increasingly* concerned at the growing civilian casualty list and at what looked like Mr Haig's policy of condoning it by declining to condemn Israel. It was widely thought that the appointment of Mr George Shultz to replace Mr Haig would signal a tougher U.S. line against Israel.

Five days later, however, U.S. policy is still very similar to that advocated by the outgoing Secretary of State. Israel has not been publicly condemned, only minimal pressure has been put on Mr Begin and the U.S.'s main objective appears to be to prevent an invasion of west Beirut by Israeli ground forces. Israeli withdrawal from the whole of the Lebanon has become a longer-term objective.

It seems fairly clear that Washington did not realise how far the Israelis planned to go when the invasion was first launched. Mr Haig gave the impression that he thought the Israeli forces would stop more *or less 25 miles from* the Lebanon border after having established a *cordon sanitaire* to protect northern Israel from Palestinian rocket attacks and infiltration—and that that was perfectly acceptable to Washington.

The State Department now says it supports four goals, currently under discussion by Mr Habib. These are: an end to armed *Palestinian* presence in and around Beirut, redeployment of the Lebanese army in and around Beirut, withdrawal of Israeli forces from the area around Beirut, and redeployment of all foreign forces (meaning Syrian) from the Beirut area.

It is clear, also, that the U.S. still wants to see a stronger central Lebanese Government and a Lebanese army that is in control of the situation and not its hostage. It would be delighted if a stronger Lebanese Government could be brought into the Camp David peace process. *Whatever the nuances of* difference between Mr Haig's approach and that of his rivals in the Administration, there is a basic sympathy for Israel's objectives, if not its style.

The worry remains over the reaction of the Arab countries to what may seem too soft a policy in Washington. There is little doubt that Washington has the power to exert heavy pressure on Mr Begin's government if it chooses to do so. But the unfortunate truth is that the networks will have to project a lot more corpses into a lot more American living rooms before there is much chance of that happening.

Anthony McDermott looks back on three weeks in Beirut

If you heard the explosion, you've probably survived

THE MOST immediate guide to *the level of tension in* beleaguered Beirut is the traffic. If the streets are empty—and at nightfall they are now almost instantly deserted—then bombing and shelling, or the fear of it, cannot be far away.

The strain is highest when the shells or bombs actually begin to fall. There is no longer any part of west Beirut which can be considered safe. It is the risk of a haphazard shell which provokes the greatest fear: like the one recently which caused the staff of the famed Commodore Hotel to close the coffee shop with its plate-glass windows and to start work on cleaning out the air-raid shelter in the garden.

The one consolation is that, if you have heard the explosion, you have probably survived. At night the tension can be particularly acute. When Israeli gunboats offshore launched sustained bombardments last week it was difficult to assess initially whether the shells were being fired at random or were part of a planned pattern.

Even more random and careless of victims are the car bombs, of which about eight have exploded in the past week. Only one, near the home of Mr Shafiq Wazzan, the Prime Minister, was defused. No one *seems to know who is responsible* for planting them, although there is no lack of claims. They may be politically motivated or—as a friend suggested after a restaurant in Hamra Street was destroyed recently—it may just have been a question of not having paid the right person the right amount of protection.

An even more persistent part of Beirut life is the bursts of firing from automatic weapons. The shooting often starts without apparent pretext and can reflect an excess of exuberance or just frustration at being stuck in a traffic jam.

A couple of days ago I was in the second car of a four-vehicle queue when someone started hooting aggressively. The front car waved us through. The vehicle behind then let out a volley of shots, presumably because its driver considered we were in his way. The shots were not aimed to kill, but they came close enough to cause us to pull up sharply, shaking.

It is important to develop a quick-instinct for trouble. Sudden movements or raised voices are instant warnings—such as when a red-capped Syrian soldier manning a road-block from inside a house suddenly leapt out the ground floor window screaming, "I'll get you for that" and unleashed several bursts of automatic fire at a block of flats opposite.

It is even possible to view some of those who are tormenting Beirut at their work. A five-mile drive from the centre takes you to Baabda.

Go down the hill, past the *parks of Israeli tanks*, lorries and jeeps, past the numerous Hebrew signs to guide the troops, and you will come to a school now requisitioned by Lebanon's latest occupier. There, on the second floor, is a soldier armed with a map, a radio and a formidable telescope. His task has been to direct Israeli artillery fire on to the Palestinian refugee camps of Sabra, Shatila, Fakhani and Burj Brajneh in south-west Beirut.

Under better circumstances the view would be breathtaking as the coastal plain stretches off southwards to the left past the airport, while to the right lies the dense crowd of buildings which mark west and east Beirut.

But the view has been blemished by the constant pounding of Israeli heavy guns, which after each shell burst throw up huge towers of grey smoke from the refugee camps.

As the smoke clears after each pounding, the soldier checks the effect through his telescope and the process starts again.

Those Palestinian camps which are his targets are just one of the four cities which today comprise Beirut. The others are the traditional east-west divide—mainly Moslem in the west and Maronite Christian in the east—and the latest arrivals, the Lebanese refugees who have been driven into the capital, often not for the first time, by the fighting further south.

They are now an established *sight, camping out in the parks*, squatting in unattended flats and occupying the entrance halls of large buildings. There are no less than six families camped out in the entrance hall of the building which houses Reuter, the international news agency.

The refugees, like the rest of west Beirut, are extraordinarily sensitive to changing tensions. There was a brief moment when the refuse trucks resumed their rounds, suggesting that a degree of normality might be returning.

Meanwhile Beirut waits. To see whether the hopefully named National Salvation Council will come up with a pan-Lebanese political formula, whether the U.S. after Haig will change its policy but, most fearfully of all, to see whether Israel will give the go-ahead for its troops to storm the city.

Beleaguered Beirut: No street is safe from bombs

Israeli invasion fuels fear of breakdown in relations with Egypt

BY DAVID LENNON IN TEL AVIV

ISRAEL'S RELATIONS with Egypt are coming under increasing strain because of the war in Lebanon, and especially because of Israel's determination to force a humiliating surrender on the Palestinian leadership in Beirut.

If the surrender cannot be achieved by diplomatic means, and Israel actually launches an attack against the Palestine Liberation Organisation (PLO) forces in the Lebanese capital, relations with the only Arab state to make peace with Israel will be "damaged completely," according to Egyptian diplomats in Tel Aviv.

Discussion on normalisation of relations between the two countries have *already* been suspended because of the invasion, and officials in Jerusalem fear that a continuation of the current *situation* could lead Egypt to empty the peace agreement between the two countries of any content.

All that would remain would be a non-belligerency pact and an Egyptian embassy in Tel Aviv, while Israel's efforts to strengthen the peace agreement by broadening economic, cultural and social ties would run up against a blank wall.

The deterioration in relations between Jerusalem and Cairo has already been reflected in the Egyptian Press, which has taken to attacking Israel as fiercely as it did before the peace agreement was signed three years ago. Israeli officials note that Egyptian papers have once again taken to referring to Israel as "the enemy," and to Iraelis as "bloodthirsty."

Israeli officials who deal with relations with Egypt are aware that President Hosni Mubarak and the leadership in Cairo feel that their hands are tied by the peace agrement, and that this is preventing them from playing the key role in the Lebanese crisis which they feel their place, as leader of the Arab *world* would demand.

The resulting frustration might lead to a disintegration of the delicate web of relations which has been woven between Egypt and Israel over the past few years, and officials fear that relations could sink to a lower level than before the 1977 peace initiative *of the late President* Anwar Sadat.

Egyptian diplomats in Tel Aviv have been quoted as saying that there is "a lot of bitterness" in Egypt among the common people and intellectuals because of the Israeli operation.

Officials in Jerusalem are also concerned about Cairo's clear disillusionment with Washington's inability or unwillingness to change its pro-Israeli stance on the Lebanese crisis. They fear that this will reduce *America's power to persuade* Egypt to soften its stance on the long-stalled negotiations on autonomy for the Palestinians

They still hope that if the siege of Beirut is resolved diplomatically, then Egypt's broader self interest in maintaining the peace treaty with Israel will reassert itself

Japan's exports show 6.3% fall

By Charles Smith, Far East Editor in Tokyo

THE DOLLAR value of Japan's foreign trade contracted sharply in May although the country continued to earn a substantial visible surplus, the Finance Ministry revealed yesterday.

Exports fell 6.3 per cent from year-ago levels to \$11.4bn (£6.5bn) while imports were down 11.1 per cent at \$10.1bn. The export figure was the lowest for any month since November 1980 except for the holiday month of January in which exports always run well below normal levels.

The decline in exports reflects poor demand for Japanese products in a number of major overseas markets, including the European Community, South Korea and Taiwan, where the Government acted early this year to ban the import of 1,500 products from Japan.

Sales to the EEC have been hit partly by the growing web of voluntary restraint agreements.

Within Europe there were particularly sharp falls during May in Japan's exports to the UK (down 33.2 per cent in dollar terms, from year ago levels) and to France (down 31.8 per cent). Sales to the Community as a whole were down 27.4 per cent from the previous year's level.

The sharp fall in Japan's imports which occurred in May reflects the low levels of domestic economic activity that have reduced demand for *basic raw materials* such as ores and crude oil.

Japan's imports of manufactured products held up relatively well.

In the first half of June both imports and exports appear to have declined even more rapidly than in May, judging by preliminary figures for trade on a customs clearance basis which were simultaneously issued by the Ministry of Finance.

The customs clearance figures show imports running more than 12 per cent below their figures a year ago during the first half of the month and imports down by 18 per cent.

Yen denominated figures for Japan's exports and imports during May and early June show smaller declines *than other dollar figures*—reflecting the fact that the yen has depreciated sharply against the dollar during the last year. In yen terms exports were down 5.7 per cent during the first half June while imports showed a decline of 11.6 per cent.

Apart from a sharp contraction in visible trade, the main May balance of payments figures reveal a \$400m increase in the country's invisible payments deficit (most of which appears to have been due to seasonal factors). The increased invisibles deficit almost cancelled out the surplus on visible trade, leaving Japan with a current account surplus of \$76m.

Japan's long-term capital account was in deficit by \$567m during May—a substantial improvement from the previous month. The better figures reflected foreign purchases of Japanese bonds during the month.

Wristwatch radio plan

TOKYO—The Sanyo Electric Company will next month introduce to the American market a radio small enough to be carried on its listener's wrist and versatile enough to double as a watch, a spokesman said yesterday.

The AM radio, which incorporates integrated circuit technology and it built into a digital watch, goes on sale from late July and will be marketed later in Japan if U.S. sales are promising, he said.

Sanyo plans to produce 10,000 radio-watches monthly in Hong Kong through its joint venture, Sanyo Time Hong Kong Ltd.

It formed the joint venture after a Hong Kong company last year introduced in Japan a radio-watch at a cost of about £100, he said. The Sanyo product will retail for about £22.
AP

This announcement appears as a matter of record only.

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June 23, 1982

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S. African payments deficit rises

JOHANNESBURG — The current account deficit on South Africa's balance of payments reached a record R6.7bn (£3.4bn) on a seasonally adjusted, annualised basis, in the first quarter of 1982, according to the Reserve Bank's June quarterly bulletin.

An oil pumping station near Vryheid in Natal province was badly damaged by an explosion last night and sabotage was suspected, police said yesterday. Reuter reports from Johannesburg.

The deficit totalled R3.947bn for 1981, and R1.266bn in the first quarter of last year on an annualised basis.

Capital account figures in the quarterly bulletin point to a record R672m inflow of long-term foreign capital between January and March this year, up from R357m during the whole of 1981.

However, the long-term inflow was almost neutralised by the drain of short-term capital totalling R613m, compared with a R755m inflow in 1981.

The bank said South Africa's gold and foreign exchange reserves, net of short-term balance of payments loans, fell by R1.354bn in the first quarter, following a drop of R2.835bn last year.

Although the volume of imports declined during the first quarter, import values rose to a seasonally adjusted, annualised level of R19.810bn, up from R19.354bn in the last quarter of 1981.

The value of gold output plunged to a seasonally-adjusted annualised level of R6.970bn in the first quarter, against R8.866bn inthe previous three months. Other export earnings fell from R10.755bn to R9.430bn.

Gross domestic product stagnated in real terms in the first quarter of 1982, after posting a fractional increase in the final quarter of 1981.

Industrial production did not increase, while the real value added by the wholesale and retail trade declined. There were "moderate" increases in the output of the transport and financial sectors.

The substantial rise in real, domestic expediture was entirely due to higher investment in capital stock and inventories. Government and private consumption spending declined in real terms during the first quarter.

The broadly defined money supply surged by 41 per cent in the first quarter at a seasonally adjusted annual rate.
AP-DJ

Baghdad withdrawal untrue, says Iran

BY OUR FOREIGN STAFF

IRAQ'S ATTEMPTS to disengage itself from the Gulf war with Iran ran into further trouble yesterday when Tehran dismissed Iraqi claims to have withdrawn the last of its forces from occupied Iranian territory as "*untrue*."

Baghdad's claim, which closely followed a sweeping Government reshuffle and a cut in the size of its ruling Revolutionary Command Council, followed a pledge nine days ago to withdraw in an effort by President Saddam Hussein of Iraq to bring the victorious Iranians to the negotiating table.

Soon *after the Iraqi* withdrawal was announced, however, Hojatoleslam Hashemi Rafsanjani, Speaker of the Majlis (Iran's parliament) and a member of Iran's Supreme Defence Council, told Tehran Radio: "They (the Iraqis) are telling lies. The situation is the same and border areas in the west are still in the hands of Iraqis."

The Iraqi statement yesterday said the country's army was now on full alert on the border, and warned Iran against opening fire on Iraqi units or threatening Iraqi territory.

"Iraqi forces are fully prepared to teach them a cruel lesson if they continue in their error and try to detract from Iraq's sovereignty," the statement added.

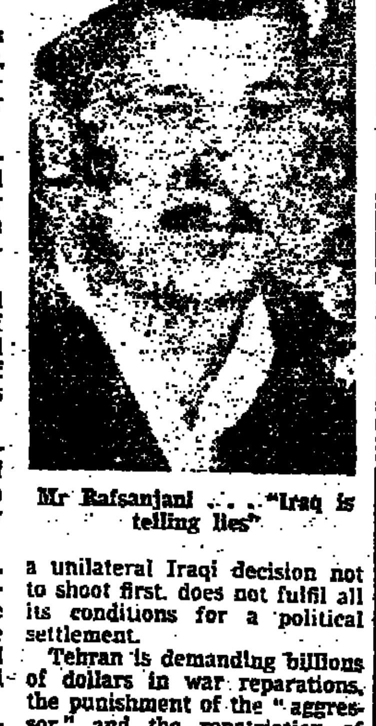
The Iraqi withdrawal restored to Iran the border towns of Qasr-e-Shirin, Mahran and Sumar, as well as thin slices of the western Iranian provinces of Kermanshahan and Ilam.

It followed a series of *successful Iranian offensives* and intensive efforts by Baghdad to extract itself from a military stalemate.

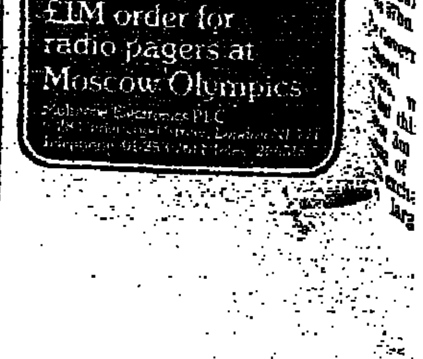
President Saddam Hussein, announcing the withdrawal earlier this month, said the move would neutralise Iran's excuse for continuing the war and would win Iraq international support.

But Iran has said the withdrawal, which is coupled with a unilateral Iraqi decision not to shoot first, does not fulfil all its conditions for a political settlement.

Tehran is demanding billions of dollars in war reparations, the punishment of the "aggressor" and the repatriation of thousands of Iraqi dissidents



Mr Rafsanjani ... "Iraq is telling lies"



Australia and U.S. sign agreement on anti-trust laws

BY PAUL CHEESERIGHT WORLD TRADE EDITOR

AUSTRALIA AND the U.S. yesterday signed an agreement designed to reduce disputes over the application outside the U.S. of its anti-trust laws.

The agreement was signed in Washington by Senator Peter Durack, the Australian Attorney-General, and Mr William French Smith, his U.S. counterpart. Senator Durack described it as "a landmark

The two countries have devised a system of consultation which it is hoped will ease frictions caused by the clash of different legal systems. The clash has meant that Australian companies obeying their domestic laws might be in breach of U.S. law.

Problems, notably in the uranium and shipping industries, have arisen because of the U.S. claim to apply its anti-trust law to any action having an effect on U.S. commerce. Vigorous Australian resistance to U.S. claims has led in the past to political dispute.

Difficulties have arisen because of private anti-trust actions, most strikingly when, in the 1970s, Westinghouse Electric brought billion-dollar suits against international mining companies for alleged involvement in a uranium cartel. These companies included CRA, Pancontinental Mining and Mary Kathleen Uranium of Australia.

Under the new agreement, where private actions are brought by U.S. companies and involve Australia, the U.S. Justice Department has undertaken to inform U.S. courts of the result of the consultations. Thus the judge in the case would be informed if it was agreed the U.S. had no claim to jurisdiction.

Australia has also received assurances that information provided to the Justice Department will remain confidential. At the same time, Australia has agreed to interpret more narrowly laws passed with the aim of blocking U.S. claims to jurisdiction.

Like the UK and other European and Commonwealth countries, Australia has passed laws to prohibit in certain cases the grant of assistance to U.S. courts by Australian citizens.

The agreement was first considered in 1980 in the immediate aftermath of the Westinghouse action. Its signing yesterday indicates a drop in the political temperature over anti-trust although internationally problems remain in others of U.S. claims to enforce laws outside its borders.

UK whisky exports to Venezuela face threat

By Kim Fuad in Caracas

THE UK's one million case-per-year exports of Scotch to Venezuela will be sharply affected by a tax reform bill which is aimed at generating over $160m (£88.8m) in additional revenues.

The tax reform bill—now before Congress—calls for a 15 to 30 per cent sales tax on imported alcoholic beverages. It would replace the previous taxation system based on alcoholic content rather than the price itself.

With a bottle of Scotch averaging about $22.30, a 15 per cent sales tax is expected to further depress Scotch sales in Venezuela.

As one of the world's top six whisky consumers, Venezuela imported 1.8m cases in 1980. But last year imports fell to around 1.2m cases, reflecting the economic recessions affecting the South American oil producer.

The new tax system is part of a larger package aimed at giving the administration of President Luis Herrera Campins funds to finance a food stamp programme. It would benefit about one quarter of Venezuela's 16.5m population which has a monthly per capita income of $350 or less.

S. Africa concern over scotch imports

BY JOHN STEWART IN CAPE TOWN

THE INFLUENTIAL Cape wine lobby is exerting strong pressure on the South African Government to check the domestic market penetration of imported Scotch whisky. South Africa is the world's eigth largest importer of Scotch whisky.

The retail value of whisky sales in South Africa is in excess of R200m (£105.2m) a year with consumption running at an annualised 19.2m litres. In the last two years the consumption of whisky has been growing at the rate of nearly 20 per cent, reflecting the steep rise in personal disposable incomes during the recent economic boom.

Sales of Cape brandy, on the other hand, have been growing at a much slower rate, an average of about 5 per cent since 1980. Current consumption is about 39m litres a year.

This means that whisky sales are nearly 50 per cent of brandy, compared with 9 per cent in 1947, the year in which South Africa submitted to a Gatt binding with an undertaking not to raise external tariffs against Scotch whisky. As a quid pro quo, South African wine and spirit exports entered Britain at preferential rates of duty in terms of the Ottawa agreement.

At the commencement of the Gatt binding Cape brandy had a tax-paid price advantage of 270 per cent over imported whisky.

Because of periodic excise duty increases, including one of 22 per cent last year, Cape brandy's tax-paid price advantage has been whittled down to about 30 per cent. Wine growers complain that the tax component of a bottle of brandy is more than 50 per cent of its wholesale price.

In addition to dwindling brandy/scotch sales ratios, South Africa's 6,000 wine growers fear that sales of wine spirit may suffer increased competition from cane spirit, a neutral spirit derived from molasses. Sales of cane spirit are running at an annual 19.7m litres and, combined with the scotch "threat," matching brandy sales.

There are compelling economic reasons why wine growers seek to increase disposals of wine spirit at the expense of other spirits.

The 1982 wine crop at 856m litres is the fourth successive bumper harvest. The portion of the crop sold during this period as table wine and fortified wine has consistently fallen below 50 per cent of the total wine crop, while the portion consigned to the distilling wine pool has run as high as 56 per cent of the crop.

For the good wine or potable wine portion of the crop growers are paid 36.47 cents a litre.

For the distilling wine portion they are paid an advance price of 19.06 cents a litre, with a further 8 cents a litre to follow when the "surplus" portion of the distilling wine crop is finally disposed of. Payment of the deferred portion of the distilling wine price could be held up for *12 month or more, depending on* the size of the excess and the rate of disposal on foreign markets.

It is, therefore, clearly in the farmers' interests that sales of liquor derived from the grape

The retail value of whisky sales in South Africa is in excess of R200m (£105.2m) a year with consumption running at an annualised 19.2m litres

are maintained at the highest possible levels. Since 1979, when the central controlling co-operative, KWV, obtained 50 per cent in the company that controls Cape Wine and Distillers (CWD), which in turn has 85 per cent of the South African wine and spirits market, wine farmers have asserted strong influence in the distilling business.

In the manufacture of gin, vodka and liqueurs, producing *merchants may use a neutral* spirit derived either from wine or from molasses, both sell at the same tax-paid price even though cane spirit, a chemical by-product, is five times cheaper to produce than wine spirit. Since 1980, however, the use of wine spirit has doubled, possibly because of the influence of wine producers on the board of CWD, the country's largest manufacturer of gin, vodka and liqueurs.

Imported whisky is, therefore, a thorn in the flesh of the wine lobby because it has captured a portion of the spirits market that could be served by liquor derived from the grape.

The rhetoric against imported whisky has become increasingly militant. It is argued that the 1947 Gatt binding no longer holds good because Britain, by entering Europe in 1973 without negotiating compensatory arrangements for South African wine and spirit exports to replace imperial preference, abrogated the undertaking.

Just as sharply increased common external tariffs against South Africa have militated against its UK exports, a higher *import duty on scotch whisky* would not be out of place because it would be in the interests of domestic liquor manufacturers.

It is unlikely, however, that the South African Government would resort to anything as crude as simply raising tariff barriers against scotch.

One method to check the growth of whisky sales is the imposition of quality controls which lay down strict limits on chemical content and impurities and insist on a minimum alcohol content of 43 per cent by volume. This has the effect of excluding whiskies with lower alcohol content and, as this affects most of the malt whiskies—around 90 per cent of them—they have largely been excluded from the South *African market.*

Last year, however, the South African Department of Customs and Excise prepared the ground for a more subtle onslaught on whisky—seemingly without directly going in breach of the Gatt binding.

It did so by amending the basis on which wine spirit used in the manufacture of brandy is taxed.

Under the old dispensation, the government allowed brandy distillers a rebate on the 30 per cent portion of a bottle of brandy that comprised pot-stilled wine spirit laid down in oak for three years. This was to compensate producers for the cost of maturation.

The extent of the rebate was governed, however, by *the 1947* Gatt binding. In terms of the new arrangement a rebate of 54.2C a litre (absolute alcohol) is allowed on all components of the brandy blend. This comprises not less than 30 per cent matured pot-still brandy and not more than 70 per cent wine spirit or grape spirit.

By broadening the base of the rebate—an increase of which can be made administratively—the tax-paid manufactured cost of brandy can be reduced to the level at which it could lure scotch drinkers.

Rees steps up pressure for U.S. policy changes

BY OUR WORLD TRADE EDITOR

Mr Peter Rees

EUROPEAN PRESSURE for changes in key aspects of U.S. trade policy increases today when Mr Peter Rees, the Minister for Trade, starts a series of meetings with senior Reagan Administration officials and congressional leaders in Washington.

Mr Rees has four main concerns:

- The imposition of provisional countervailing duties by the U.S. on European steel imports which, in the case of British Steel with a 40 per cent duty, is seen as shutting the market;
- The extension of sanctions by the U.S. to cover technology and the activities of U.S. subsidiaries engaged on the Siberia-West Europe gas pipeline — a move seen as an unwarranted interference in the economic policy of others;
- The legal definition of the nationality of a company, a matter which has assumed major immediate importance because of the U.S. pipeline action;
- Preparations for the ministerial conference of the General Agreement on Tariffs and Trade, planned for November in Geneva — a process which is thought to be hampered by the latest U.S. moves on steel and the pipeline.

Mr Rees will seek in the Department of Commerce to persuade officials that their methodology in assessing the extent of subsidies given to European steel companies was invalid.

The U.S. has in effect sought to add up all public funds provided for steel companies and call the total a subsidy, regardless of whether the funds have been used for restructuring or not, and base the countervailing duty on the total.

But there is little likelihood that the U.S. will change tack on such technical grounds. This will lead Mr Rees to explore again the possibility of a negotiated settlement, presumably involving import quotas.

Unless such a settlement is forthcoming, it seems likely that U.S. aspirations to use the Gatt ministerial as a launching pad for further trade liberalisation will be blocked by the EEC.

Opinion is hardening in London, and elsewhere in the EEC, that the U.S. cannot expect to pose barriers to the steel trade and interfere with Comecon trade and expect at the same time a great readiness to embark on programmes for services and high technology trade liberalisation.

Japan, Canada may turn to Gatt over car imports

BY RICHARD C. HANSON IN TOKYO

JAPAN and Canada are both threatening to turn to the Geneva-based General Agreement on Tariffs and Trade (Gatt) to resolve their worsening trade relations over car imports.

The seriousness of the dispute was revealed yesterday when Mr Shintaro Abe, the Japanese Trade Minister, claimed that Canada was violating Gatt rules by delaying the disembarkation of Japanese cars at the West Coast port of Vancouver.

But Canada has hinted it also may invoke the Gatt "safeguard" clause against excessive imports if Japan does not agree to lower its car shipments this year below the ceiling agreed last year by the two countries.

Canada wants Japanese car imports held at 146,000 units, well below the 174,000-unit guideline given by Tokyo to Japanese manufacturers last year. The Canadians are citing the weak state of their economy as justification for the cut.

Japan's position is that exports be allowed at the same volume this year. Talks on the subject were held at the Ministerial level during the Versailles economic summit. The two sides failed to reach an agreement

Japan last year agreed to limit its exports for the calendar year 1981 to a rise of 10 per cent. On a Japanese fiscal year basis—April 1 to March 31—Japan's shipments to Canada for the year fell below the previous year's volume (to 174,000 from 216,000) but Japanese producers still have captured about a quarter of the Canadian market.

India decides to cut imports of fertilisers

BY K. K. SHARMA IN NEW DELHI

THE INDIAN GOVERNMENT has decided to cut imports of fertilisers following a build-up of inventories as demand from farmers continues to show a sharp decline.

Fertiliser imports are one of the main reasons for India's large annual trade deficit of over Rs 57bn (£3.5bn).

The Government had planned to import 5.25m tonnes of fertilisers, mainly urea, this year, but this is to be reduced to about 3m tonnes, leading to a saving of nearly Rs 3bn in foreign exchange.

The larger quantity of imports was planned following the rise in fertiliser consumption by 6 per cent in 1981 over the previous year.

- The Airport Authority of India, a Government-owned company, has been asked to design and build airports at Batna and Setif in Algeria at a total cost of about $100m (£55.5m).

The company and Enema, the Algerian authority handling airports, have signed a memorandum of understanding on the contract, the biggest to be won by the Airport Authority of India abroad.

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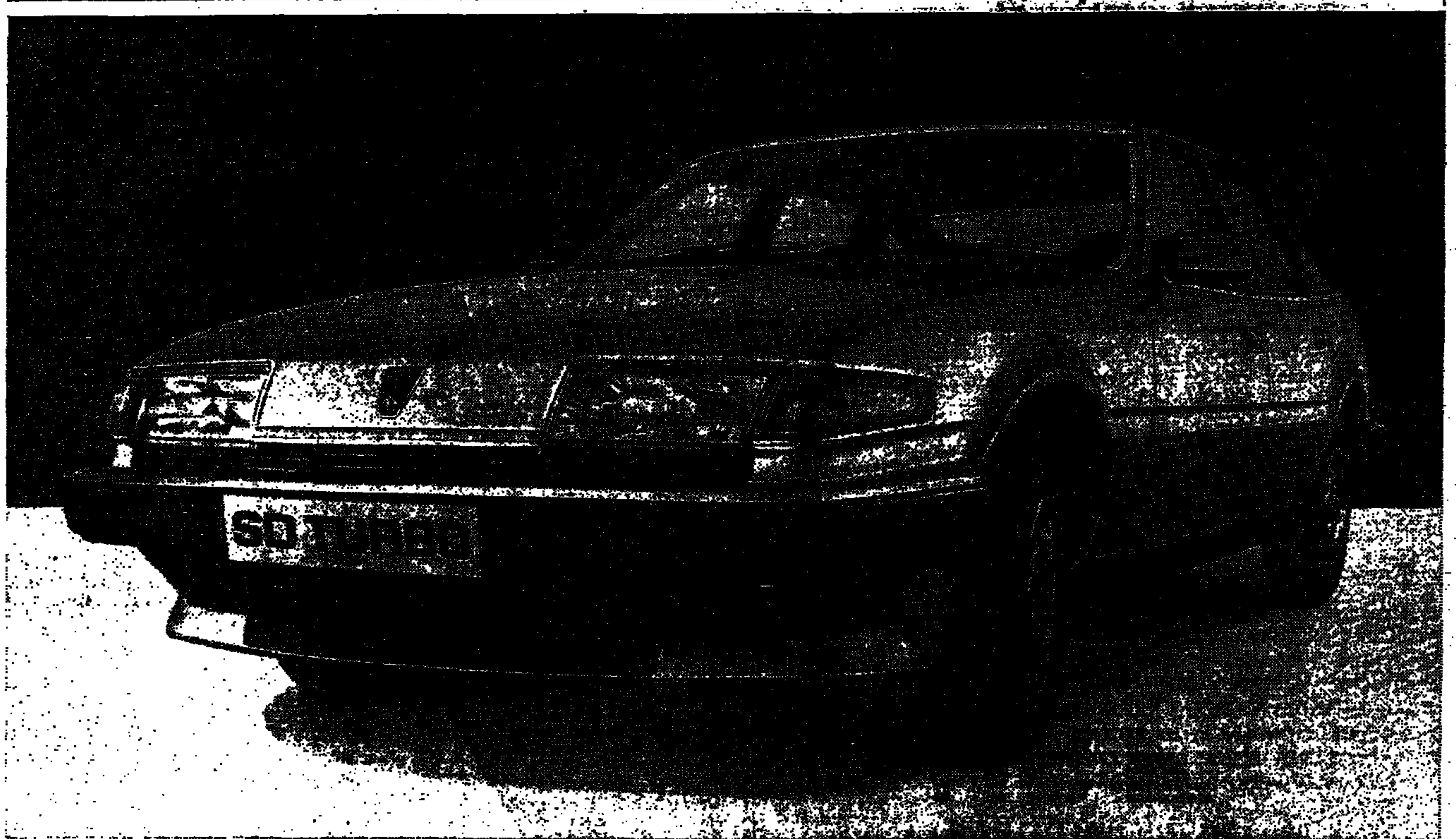

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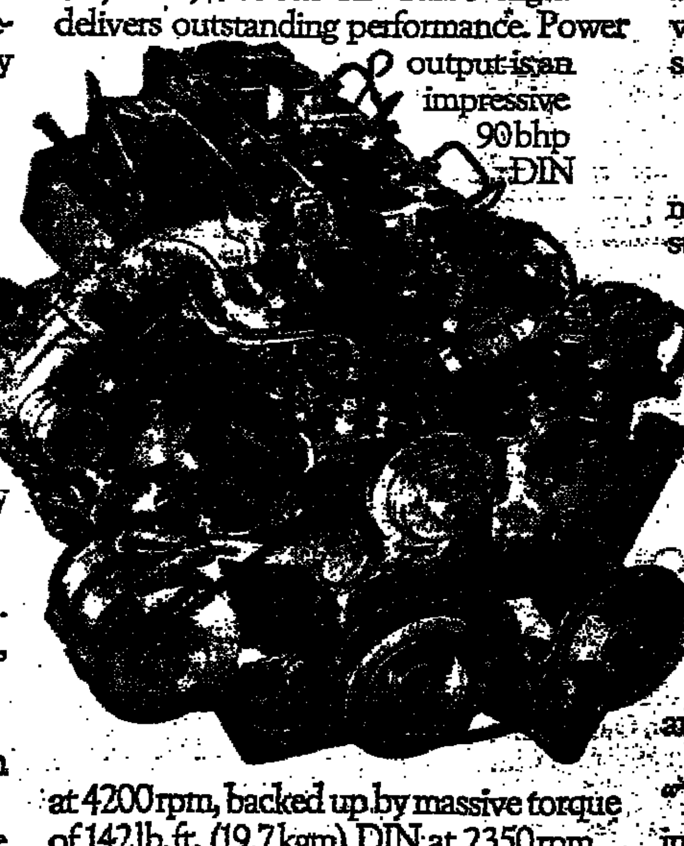

at 4200 rpm, backed up by massive torque of 142 lb.ft. (19.7 kgm) DIN at 2350 rpm, which gives impressive pulling power. The replaceable wet-liners, individual alloy head for each cylinder, and large crankshaft bearing journals reduce noise, wear and vibration and increase reliability and service life.

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June 21, 1982

By: Trade Development Financial Services N.V.

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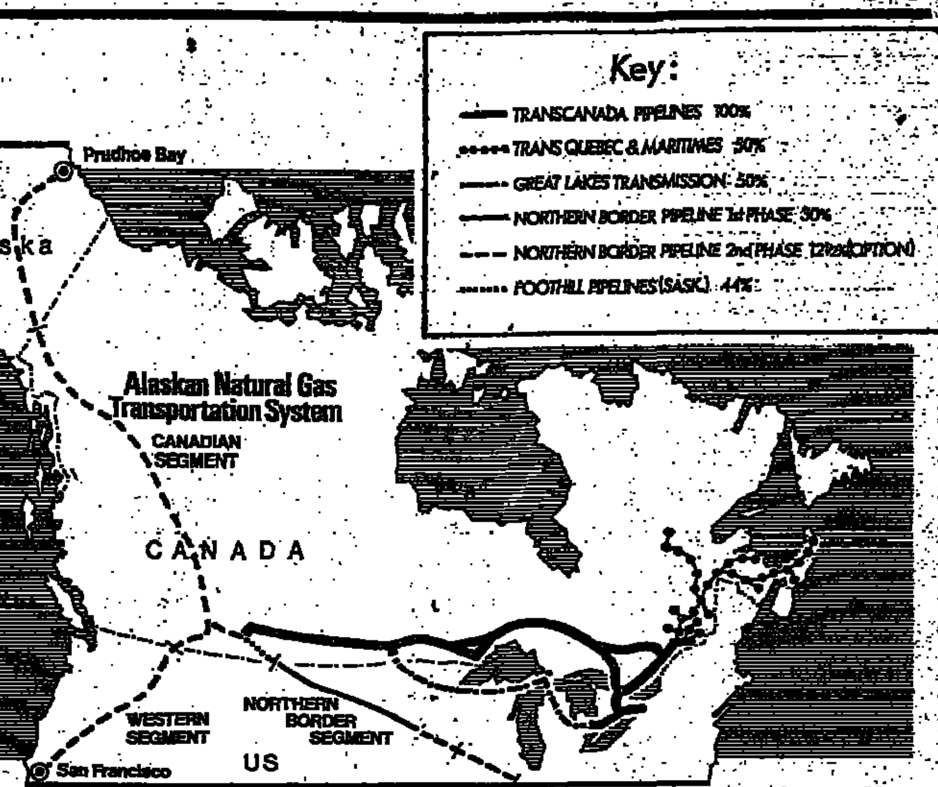
ENERGY REVIEW

TransCanada tries to shift a gas burden

By Richard Johns

Over the past five years, TransCanada Pipelines has accumulated a huge quantity of gas that remains in the ground because it cannot be marketed. Now a consortium of banks has worked out a deal to ease the potential handicap on TransCanada's power to borrow for capital developments.



A CONSORTIUM of banks known as Topgas and led by the Canadian Imperial Bank of Commerce and Citibank, is on the verge of finalising on behalf of TransCanada Pipelines what must be a unique piece of inventory financing. The package is designed to fund a stockpile of gas accumulated over the past five years, purchased under contract but still in the ground because it could not be marketed.

It should effectively eliminate an item which has grown remorselessly in the balance sheet of Canada's biggest gas transmission company and has come to threaten its ability to raise the capital required for its big investment programme.

The item in question—"payments on future gas supply"—relates to a volume of gas equivalent to something like 70 per cent of TransCanada Pipelines' current sales volume—formally an asset but a very idle and unremunerative one at a time of stagnant demand for energy. The problem arises from a "take or pay" system, prevalent in the natural gas industry and especially so in North America, whereby the carrier is obliged to pay for contracted quantities of gas regardless of whether he can sell them. It derives from the need to assure a return on the producer's investment.

Normally, such deals work well enough. Any shortfall in demand from below contracted volumes from scheduled output of a Liquid Natural Gas plant geared to a particular customer's needs would normally only be a matter of seasonal swings and corrected later. The problem of a surplus has only come to exist on any great scale in the U.S. and Canada. In the latter it has been compounded by the activity of the federal regulatory authorities on either side of the border, the discrepancy in prices set by the respective authorities, and the political restraints so far imposed on exports by the Canadian Government.

For the most part contracts with Alberta's producers were entered into at a time when an unchecked expansion of demand seemed almost inevitable and risks undertaken by transmission companies appeared negligible. Some of TransCanada Pipelines' contracts date back to the mid-1950s. The lifting ratio was established on the basis of a commitment to buy 1bn cubic feet per day for every 10bn cubic feet of reserves so that, with development of the fields, obligations automatically increased.

Obligations

TransCanada's first payments on "future supply gas" first appeared in its balance sheet for 1977 when a modest allowance of C$7.5m had to be made. By 1980 the figure had grown to C$465m.

The majority of the 650 or so producers were persuaded to waive 20 per cent of purchase obligations for the contract years ending October 31, 1981 and 1982. As it was, disbursements on unutilised gas totalled C$1,013bn ($734m), or 22.5 per cent of the company's assets. The gas aggregate amounted to nearly 20bn cubic metres, rather less than 70 per cent of the sales volume in 1981. The latter, in turn, amounted to a similar proportion of TransCanada's reduced lifting obligation. By the end of the current contract year the accummulation is expected to increase to 24bn cubic metres.

Last year the volume of the company's annual sales were only marginally up at 29.69bn cubic metres or 2.87bn cubic feet per day. Those in Canada increased by 4 per cent to 23.36bn cubic metres but exports to the U.S. fell by 12½ per cent to 6.32bn cubic metres. At the same time the Canadian National Energy Board approved a higher rate of return on its utilities of 12.63 per cent, compared with 11.1 per cent before. This year the rate has been raised to 15.75 per cent.

TransCanada is not alone among the major gas purchasers to find itself weighed down by a heavy burden of prepayments. But only one other company, its rival, Alberta and Southern, has found itself saddled in a comparable way. It, too, has been transporting only 70 per cent of its "take or pay" obligations, according to the Canadian National Energy Commission.

Until the end of last year the financing of the prepayments was made 70 per cent through term bank loans and 30 per cent through the public issue of retractable preferred shares. In line with the peculiarities of both the industry and the situation, the guarantees obtained by the banks have been somewhat unorthodox. Security for the loans has rested on no more than the assurance by the Alberta Government that a proportion of carrying charges on gas deliveries actually made by TransCanada can be recovered to service the debt. But this has been given hitherto only on a monthly basis—hardly an ideal procedure for either TransCanada or its bankers.

An average interest rate of 22 per cent for the financing has not in itself been a burden because interest and dividend payments—amounting last year to C$141.5m (about £63.7m)—have been recovered with the approval of the Alberta Petroleum Marketing Commission from "cost of service"—in effect, expenditure on producing gas and pumping it to the Alberta-Saskatchewan border where the total price is determined.

The immediate and obvious source of increasing concern has been the lack of any return on prepayments and, related to it, the uncertainty over the prospects for several export agreements with U.S. distributors which could substantially run down the accumulated gas.

With such a significant portion of total assets unprofitably tied up in this way, there has been parallel anxiety in the boardroom about the implications for TransCanada's position in the financial markets, notwithstanding improved results in 1981 when earnings per share were up 30 per cent and again in the first quarter of 1982, when net income rose by 49 per cent.

TransCanada seems to have overcome the nervous flutter which hit its bonds in May on account of the troubles of Dome Petroleum, owner of a 47 per cent stake in TransCanada. The Euromarkets now seem reassured that there is no way in which Dome could bleed the company.

Last year TransCanada raised about C$1.36bn in external financing and for the first time entered, to the tune of C$175m, the Eurodollar market where it was active again early this year.

As yet, the accumulation of "future gas supplies" has not affected the company's fund-raising power on the market, according to Mr Neil Nicholls, vice-president for financial affairs. But he readily concedes that its presence on the balance sheet must soon "dilute our ability to issue securities for other purposes."

Expansion

TransCanada has ambitious plans for expansion. In 1981 the company invested C$533m in extending and approving its gas transmission systems. The system Trans Quebec and Maritime Pipeline, in which it has a 50 per cent share, is being extended. A loopline on its main trunk system from North Bay to Ottawa is under construction. The Northern Border Pipeline, First Phase, thrusting into Minnesota, in which it has a 30 per cent interest, is nearing completion.

More ambitiously, TransCanada is pursuing studies in the King Christian Island LNG project with the aim of shipping 5bn cubic metres a year to West Germany and is still anxious to acquire an interest in the Western LNG scheme, which would involve a slightly bigger volume of exports from British Columbia of gas to Japan.

In the spring TransCanada achieved a prerequisite for the new financial arrangement. It negotiated an agreement with 98 per cent of its gas producers using its pipeline systems on a further reduction in its contractual "take or pay" obligations to 60 per cent of the original level set by reserves in return for the C$1.3bn. The much-needed cash infusion is being provided by an enlarged banking consortium. The effect of a complicated transaction would be to consolidate one debt of C$2.3bn, including prepayments made up until the end of 1981 and to remove from the company's asset sheet the gas involved, but TransCanada would be left with C$350m, equivalent to the equity finance raised for prepayment in cash, for its development programme.

The new liability will be serviced by a proportion of the carrying charges which will amount to about one-tenth of revenue accruing form actual deliveries. This will be paid directly to the banking consortium by the producers. An end-1994 deadline has been set for settlement of the debt—which TransCanada describes as the "worst scenario." The company does not expect to operate below 70 per cent of its original contractual obligations.

Thus, it is hoped that the need to make prepayments will be eliminated completely. All that is now required is for the Alberta Government to authorise the recovery of carrying charges for the full duration of the 12-year agreement. That is confidently awaited. "It will give a regulatory assurance providing the certainty that these carrying charges associated with the prepayment will be recovered," says Mr Nicholls.

To do so, TransCanada, like its rivals, must find new outlets to keep pace with annual additions to reserves, of which its own increased 10 per cent last year. It, too, is looking mainly to the U.S. export market and faces the same difficulties posed by a conservationist Canadian Government determined to adhere to a border price of $4.94 per m cubic feet, in line with prevailing world levels. But more than double the average U.S. well-head rate of only $2.267 last December. Hopes have been raised by the National Energy Board's acknowledgment of the existence of a substantial "shut-in" surplus and the more recent decision in May to facilitate a greater flow of exports.

TransCanada and the rest are still waiting to see how much more will be made available and which of the 30 or so applications submitted will be approved. Of special significance to it is the fate of an agreement with the Boundary February Ryder agreed to keep Gas consortium of 14 companies including Consolidated Edison, Brooklyn Union and Long Island Lighting, under which 185m cubic feet per day supplied by it would be distributed to the north-eastern states of the U.S., with the target date for the start of deliveries set for the end of 1984. That would involve an investment by TransCanada on its side of the border of $750m-$1bn. For this region of the U.S., far removed from indigenous sources, the Canadian price is by no means prohibitive.

The U.S. Department of Energy has given general approval to imports from the north. Procedures are further forward in the U.S. than in Canada. Boundary Gas seems confident and the Federal Energy Regulatory Commission cautiously endorses the optimism, but warns against the strength of the opposition from fuel oil dealers.

The National Energy Board's hearings in Toronto start in two weeks' time with perhaps a more

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Participation in this bid is limited to suppliers established in all member countries of the World Bank, as well as in Taiwan and Switzerland.

The instructions, specifications and forms which comprise the bidding documents will be available upon written request to the Purchasing Manager, accompanied by a non-refundable payment of US$ 100 (ONE HUNDRED DOLLARS) or the equivalent in other currencies, until July 26, 1982, at the following address:

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Sealed bids will be received at the above-mentioned address until September 1st, 1982, at 2:00 pm, Rio de Janeiro time.

Each bid shall be accompanied by a bid bond for the amount of US$ 40,000 (FORTY THOUSAND DOLLARS) or the equivalent in other currencies.

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Britain may be 'land-bridge' for Norwegian gas

BY RAY DAFTER, ENERGY EDITOR

BRITAIN may be used as a "land-bridge" for Norwegian gas destined for continental markets under outline propsals being considered in Whitehall.

The Government sees greater co-operation in the North European gas trade as a means of increasing supplies to the UK.

Mr Nigel Lawson, Energy Secretary, made this clear in discussions in Cambridge at the annual meeting of the International Association of Energy Economists.

In the past British Gas has opposed a pipeline across the English Channel in case this led to a drain on UK reserves.

The Government now believes that channelling North Sea gas from the Norwegian sector through Scotland and England to the continent could provide the UK with benefits. Some of the Norwegian gas could be kept in Britain, either under normal contract arrangements or as recompense for the construction and operation of the "land-bridge."

One of the first Norwegian fields which could be linked to the Continent in this way is the big Sleipner discovery, containing about 7 trillion (million million) cubic feet of reserves. Statoil, the Norwegian state oil corporation, is considering the potential markets for Sleipner gas. A decision should be taken in the next 12 months. Even larger reserves in Norwegian Block 30 are also interesting UK gas interests.

Mr Lawson said that while the UK Government was interested in a land-bridge concept there was no immediate intention to allow the export of UK gas, as sought by some North Sea operators. He said present reserves were insufficient, but it was possible that exports would be allowed if substantial new reserves were discovered.

The UK's proven reserves of gas are 23 trillion cubic feet, sufficient to meet the current level of domestic demand (1.7 trillion cubic feet a year) for only 13½ years. But Mr Niall Trimball, an economist in the energy policy division of British Gas Corporation, claimed yesterday that there was a possibility of a further 20 trillion cubic feet being exploited from other, unconfirmed discoveries in the North Sea. He said British Gas reckoned these resources were contained in 69 "potential sources" of natural gas on the UK Continental Shelf.

Mr Trimball said that in spite of complaints from oil companies the prices paid by the Gas Corporation for North Sea supplies had not hit the pace of exploration. He accepted, however, that the impact of pricing policies on development activity was "not so clear cut."

Qualified support for the Government's North Sea oil tax system—highly criticised by the offshore industry—was given by Mr Alexander Kemp, Reader in Economics at Aberdeen University. He pointed out that the UK tax structure was less onerous than conditions in many other parts of the world.

In an analysis of 11 oil producing countries Mr Kemp pointed out that the top rate of UK taxation was 89.5 per cent, but the level of taxation paid depended greatly on the type of field exploited.

On large fields developed at a relatively low cost, UK operators were taxed more heavily than most. Only Nigeria, Norway and Malaysia applied tougher tax measures. On small fields developed at a high cost UK operators were taxed more leniently than by eight other countries.

Mr Kemp said that in general UK tax levels were "progressive," compared with the tax systems in Malaysia, Nigeria, Egypt, Alaska and Norway, which were "regressive" and discouraged exploration.

BT telephones on sale through rival outlets

BY GUY DE JONQUIERES

BRITISH TELECOM (BT) yesterday made available for sale through competitive retail outlets most of the telephones which it sells and rents.

More than a dozen telephones in BT's "special range" are covered. Most are stylised "decorator" models, which BT sells at retail prices from £49.95 to £156.75.

BT said that it was also releasing for private sale its standard range of "700" series telephones, which have been available only from BT on rental. No price has been fixed, but the telephones are expected to cost about £20.

BT let six of its "special range" telephones go on competitive sale this year. It said that the latest decision was intended to help the Government's telecommunications liberalisation programme.

BT's telephone suppliers are Ferranti-GTE, the General Electric Company, Gfeller of Switzerland, Northern Telecom of Canada, Plessey, Standard Telephones and Cables, Thorn Ericsson and TMC.

● Computers are helping to clear coins more quickly from public telephone kiosks in London. A new BT system, called "All Change," enables coinboxes to be cleared as often as six times a day.

Jammed, dirty or damaged payphones and coinboxes are reported by "All Change." It monitors the 10,800 London kiosks and counts the coins collected from them, amounting to about £380,000 a week.

"All Change," installed in a Telecom building, will save about £3m a year, the sum BT paid to the Post Office for collecting and counting the cash.

Airline order worth £3.8m for Belfast

By Michael Donne, Aerospace Correspondent

COMAIR, the U.S. regional airline based at Cincinnati, has ordered two Type 330 twin-engined commuter airliners from Shorts of Belfast, worth $6.5m (£3.8m).

This deal brings to 111 the number of 330s ordered by 34 airlines in 14 countries, of which 84 have been delivered —54 of them to airlines in the U.S.

The 30-seat airliner is designed for short-range routes, serving rugged airfields in small communities as well as high-density traffic routes.

Since entering service in 1976 the 330 has carried nearly 8m passengers, and flown over 325,000 hours. New versions of the aircraft on offer include the "Statesman," for business and executive travel, and a military utility transport model.

Clearance for commuter airliner

By Our Aerospace Correspondent

THE British Aerospace Jetstream 31 twin-engined commuter airliner has been awarded its Certificate of Airworthiness by the UK Civil Aviation Authority, clearing the way for deliveries to customers.

Certification by the U.S. Federal Aviation Administration is expected soon. The aircraft is designed with the U.S. regional airline network in mind as a major potential source of orders.

So far there are firm orders for six aircraft, with four more on option and letters of intent for another seven aircraft. Further contracts and letters of intent are in negotiation. First deliveries are due in August.

Production of at least 17 aircraft is now under way at the British Aerospace Prestwick (Ayrshire) factory, but additional production batches of aircraft have already been authorised.

Centrepoint damages

THE BBC agreed in the High Court, London, yesterday, to pay "substantial" damages to Mr Harry Hyams, the financier, over a repeated allegation that he deliberately kept the Centrepoint tower block empty for years to increase its value.

Mr Richard Rampton, his counsel, told Mr Justice Forbes that since the Central London block was built in 1966 the untrue allegation as to why it remained unoccupied was made repeatedly.

The BBC had made the allegation six times between 1972 and 1974. Mr Hyams had sued the BBC twice and the BBC had apologised in court.

The BBC had repeated the allegation in a Nationwide programme on May 19, 1980 and Mr Hyams had brought the libel action.

It had always been intended that Centrepoint should be let as a whole to a "tenant of undoubted covenant." Efforts were made to obtain such a letting and a suitable tenant was found in 1970.

Mr Hyams's main object in bringing yesterday's action was to obtain a permanent injunction against the BBC to ensure that it did not repeat the allegation.

Mr John Previte, for the BBC, apologised for repeating the allegation.

Centrepoint is owned by Sovmots Investments, a subsidiary of Oldham Estate Company, of which Mr Hyams is chairman and managing director.

Robin Pauley looks at the effect of rate increases on a family manufacturer of office furniture

The rising cost of business survival in city centres

A FAMILY company which is losing money in the recession after building up its manufacturing, distributing and showroom network in 14 centres in England and Scotland, faces a rates bill of more than £250,000 for 1982-83.

The bills vary from £250 per employee in Blackburn to £2,817 per employee in Milton Keynes.

Mr David Matthews, a director of Matthews Office Furniture, a company established in 1848, has written to the 14 councils in which his company pays rates protesting about the increasing burden and suggesting that if it continues it will make the future viability of city centre showrooms in particular almost impossible.

The company has its headquarters in Liverpool with premises in six other metropolitan districts, two London authorities, two shire districts, a new town and two Scottish cities.

In all cases the rates bill comprises both the local rate based on the borough in which the premises are located and a usually much larger portion payable to the second tier county or regional authority.

In Milton Keynes and Camden, for example, the local portion of the rate is lower this year than last, but in both cases the second tier precept from Buckingham and from the Greater Londan Council and Inner London Education Authority rose.

> David Matthews wrote to the 14 councils in which his company pays rates and uncovered anomalies in the target system of aportioning government aid. He argues that rate increases are making city centre showrooms unviable for businesses which cannot survive without them.

Camden's local cut was large enough to reduce the overall rate impact for Matthews by 5 per cent compared with last year. But the company's other rate bills rose by between 2.97 per cent in Birmingham and 19.15 per cent in Sheffield.

Mr Matthews argues that his company, based in Merseyside, is having to control every cost possible to weather the recession without making people redundant. It has kept all controllable cost rises below the inflation rate but those outside its control—local authority and nationalised industry charges—have been higher than the inflation rate in most cases.

Mr Matthews asked each authority how much money it lost in 1982-83 in government grant through budgeting to spend more than the Government's target. Camden receives no grant because of its exceptionally high rateable resources but other areas lost substantial amounts—Sheffield lost £5.9m for 1982-83 because its budget is £17.9m over target, Liverpool lost £3.5m and St Helen's £2m.

In many cases there is a double ratepayer impact through grant loss because the relevant second tier is also bening penalised. This applies in all metropolitan counties, for example.

There has been widespread criticism of the target system and the Government's method of assessing how much a council needs to spend to provide a standard level of services. The systems are still heavily flawed and full of inconsistencies which will take several years to clear up.

One result at the moment is that a large number of councils are judged to be underspending on one set of criteria and overspenders on another. Rate increases in the Matthews areas are not necessarily related proportionately to the spending policies of the councils this year and last year.

Matthews pays a total £426,673 in annual rent including notional rents calculated for owned properties. One of the largest rent and rate bills is in Milton Keynes which is a distribution centre employing only 15 people. It was planned in 1978 for the "decade of North Sea oil" and opened in 1980 just as demand started to dwindle. It is now an expensive holding operation awaiting an economic upturn.

ONE COMPANY'S 1982-83 RATE BILLS

Council area in which premises located	annual rent £	rate in the £ 81-82 (figures in pence) local	total	rate in the £ 82-83 (figures in pence) local	total	Total rate bill 82-83 £	% increase over 81-82	Rate bill per employee 82-83 £
City	36,950	29.4	117.0	37.25	143	23,792	18	2,643
Camden	28,000	75.8	179.6	67.62	192.4	17,903	−5.1	1,790
Liverpool	31,000	132.6	167.1	144	198	19,246	14.2	801
St Helens	139,000	137.3	171.8	140.77	194.77	85,775	9.5	953
Manchester	8,000	172.2	205.2	186.2	228.2	6,590	11.2	659
Leeds	9,473	103.1	131.2	117	161.5	6,637	15.3	1,106
Sheffield	4,750	154	211	181.8	251.6	7,578	19.2	1,263
Birmingham	27,000	111.3	142	125.5	165.8	12,388	2.97	1,548
Coventry	9,650	119.6	150.3	135.7	176	6,623	6.5	1,325
Blackburn	1,000	36.3	139.8	37.0	163.5	1,000	12.2	250
Milton Keynes	100,000	20.9	137.9	19.7	147.8	42,266	7.2	2,817
Oxford	7,500	11.4	128.4	18.7	150.2	2,367	13.4	789
Glasgow	9,350	48	136*	58	160.0*	10,974	17.4	1,829
Edinburgh	15,000	22.5	143.5*	24	149*	8,666	3.9	1,444

* includes water charges

Although a more usual calculation of rates per square foot of commercial space would give different results Mr Matthews is calculating rates per employee because he regards jobs as the key in a company losing money during a recession.

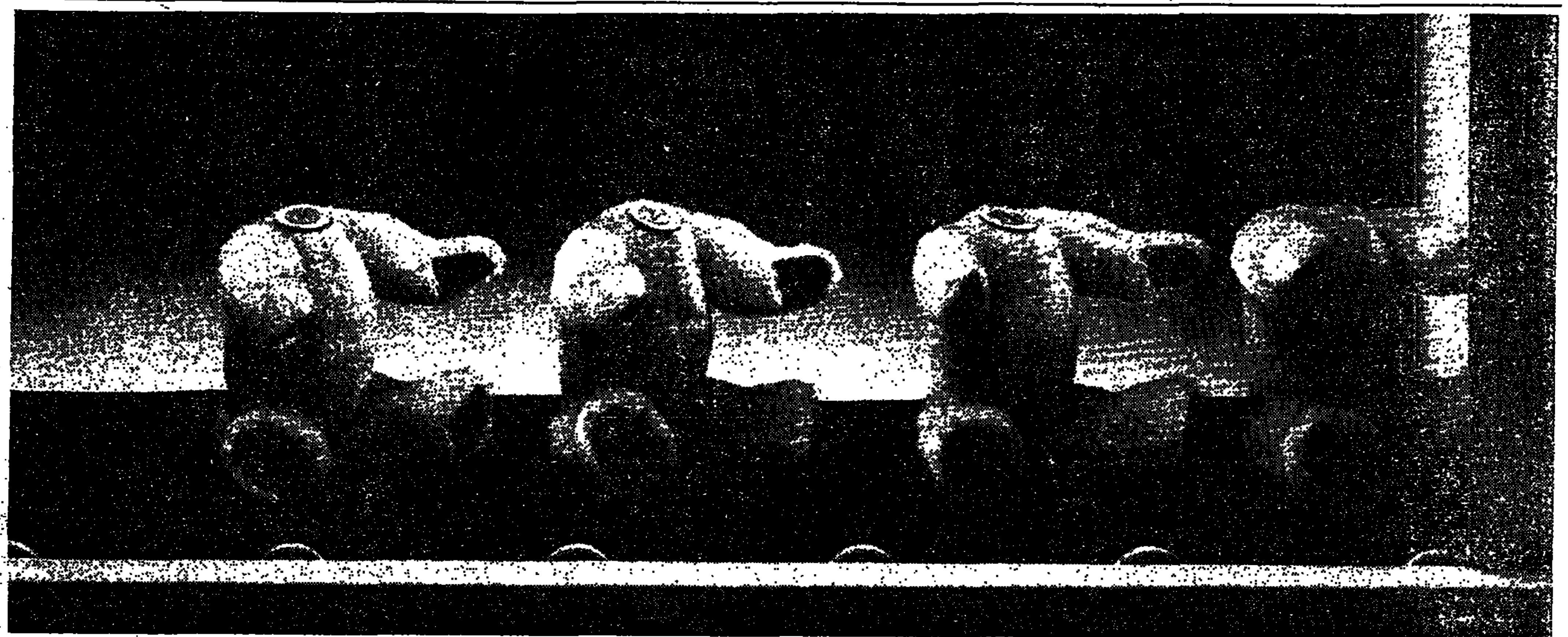
Mr Matthews argues that rates make city centre showrooms unviable, but his is one of many types of business which must have showrooms in city centres, close to commercial and office developments.

His search for a low spending, low rating, unpenalised town centre in a second-tier authority which is similarly low rated, on target with its spending and unpenalised will take him far away from any metropolitan area.

He would probably have to go to a small town in a rural shire which is unlikely to generate the same turnover in office furniture sales as a prime city centre location.

Mr Matthews notes two other problem costs. One is water charges which have nothing to do with local authorities, but will cost £21,520 this year compared with £19,232 last year.

The other is the charge for collection of commercial refuse by Liverpool City Council. This brings a bill of £162.24, plus £23.72 for the weekly emptying of six bins—a council straw which Mr Matthews feels is helping to break the commercial camel's back.



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UK NEWS

BSC seeks job cuts at Sheffield

BY MARK WEBSTER

THE British Steel Corporation yesterday announced that it was seeking cuts of nearly one third in the workforce of its stainless steel plants in Sheffield.

The corporation wants to make 600 of the 2,000 workers redundant because of the continuing sharp fall in demand for stainless in Britain and abroad. But BSC stressed that it was not looking for plant closures.

Talks are under way with the unions about how the redundancies will be distributed and when they will be completed. The works likely to be affected are at Tinsley Park, Shepcote Lane and Stocksbridge.

The redundancies are not unexpected following the collapse in demand for stainless steel. Domestic consumption in 1981 was 25 per cent down on the previous year at 120,000 tonnes.

In the second quarter of this year, de-stocking combined with depressed demand saw sales fall by more than 20 per cent on the first three months and there are no signs of a recovery in the market.

BSC has some of the most modern stainless steel-making capacity in the world thanks to a £130m investment in its Sheffield plants opened in 1978.

The corporation's capacity more than doubled to some 220,000 tonnes, bringing potential world stainless production to some 1.7m tonnes against demand last year for around 1m tonnes.

The redundancies are part of the BSC plan to break even by 1983, but the corporation stressed that it was not the first sign of the proposed reappraisal of plant configuration.

Weak demand and a sharp rise in imports this year have forced BSC to consider closing one of its five main production sites.

The Department of Industry favours a reduction in peripheral areas of the corporation's business rather than the closure of a single major site, such as Ravenscraig in Lanarkshire.

Mr Ian MacGregor, BSC's chairman, warned earlier this month that a further 17,000 jobs could be lost from the corporation's 100,000 workforce because of the low level of demand for steel.

The Scunthorpe works yesterday announced that one of its four blast furnaces was likely to close indefinitely. Workers at the medium section mill are to be given an extra week's holiday during this year's summer shutdown because of a shortage of orders.

Scunthorpe made a profit of £10.1m last year, but the 8,000 workers have been told that ingot stocks are running too high and the works will now run at two-thirds of capacity.

NEB makes £59m loss after disposals

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE National Enterprise Board made a record pre-tax loss of £59m in 1981, compared with a profit of £1.5m in the previous year, mainly because of expenses involved in disposing of the board's interests in Insac and Nexos, electronics companies.

The NEB's two main profit makers during 1981 were United Medical Enterprises (£7.39m), a health care company, and Wholesale Vehicle Finance (£2.72m), which provides finance for distributors of BL cars.

But the profits of these and other smaller companies were overwhelmed by losses on Nexos (£13.29m), British Underwater Engineering (£3.35m), and Data Recording Instrument (£9.73m), plus continuing investments in the Inmos microchip company, which cost £15.11m during the year.

The loss means that the NEB, which operates as part of the British Technology Group, fell far short of its financial target set by the Government.

Instead of meeting a return of 13.07 per cent on public funds invested, it made a negative return of 30.12 per cent.

However, the Government is not likely to complain about these results ecause they have been caused by the new management of the group, under the chairmanship of Sir Freddie Wood, diposing of some of the problems of earlier NEB ventures.

During the year, the NEB expanded its investments in smaller venture capital projects, using the technological expertise of its partner, the National Research and Development Corporation.

This partnership may soon lead to a major investment in ambisonics, a new all-round sound system which is more advanced than quadrophonic sound. The NRDC holds patents on this invention and has been encouraging its development for 12 years.

The NEB now has 20 subsidiaries and more than 40 associated companies. Sir Freddie Wood said yesterday he did not envisage the NEB making any more major investments like Inmos and Nexos on its own.

However, he said, it had a role in identifying and encouraging the development of commercially viable technological projects, and to act as a "pathfinder" to help private sector financial institutions identify investment opportunities.

Disposing of most of the NEB's interests in Nexos, an office products company, cost £30m to £34m, depending on the sum recouped by sales of interests abroad.

The company made trading losses of £9.99m in 1980 and £13.29m in 1981. Further losses of £10.72m were incurred during the disposals.

But Sir Freddie said he hoped that the problems with Data Recording Instrument, a computer company, had been solved.

After losing £9.73m last year and £10.34m in 1980, this company was now trading profitably, he said. He thought it should be making sufficient profits "in a couple of years" to be considered as a candidate for sale to the private sector.

During 1981, the NEB contributed £17.99m to the Government, £2.99m of which came from disposals and £15m from the earlier sale of its interests in Ferranti.

The NEB now operates mainly in high technology areas such as biotechnology, robotics, flexible manufacturing systems and information technology. It is considering moving into other areas such as energy management systems

NEB PROFIT AND LOSS ACCOUNT

	£m 1981	£m 1980
Income		
Dividends receivable	2.30	2.88
Interest receivable from subsidiary companies, associated companies, other investments, short term deposits	9.06	19.74
	11.36	22.62
Less: Administration expenses	(3.06)	(3.39)
	8.30	19.23
(Loss) profit on disposal of investments	(45.36)	4.42
Provision against investments	(7.18)	(10.00)
Provision for payments to Data Recording Instrument Co Ltd	(12.00)	—
Operating (loss) profit	(56.24)	13.65
Interest payable to Her Majesty's Government	(2.85)	(12.13)
(Loss) profit before taxation	(59.09)	1.52
Taxation	(.18)	(2.71)
Loss after taxation	(59.27)	(1.19)

Riots blamed for Merseyside crime record

BY LISA WOOD

LIVERPOOL'S RIOTS last year, had a disproportionate effect on Merseyside crime Mr Kenneth Oxford, the force's Chief Constable said yesterday in his annual report showing record crime figures for 1981.

A record 128,824 offences were reported in the Merseyside police area last year, an increase of 15.3 per cent on 1980 but the detection rate fell to 34.4 per cent, the lowest level since the force was set up in 1974.

Mr Oxford said that before 1980 crime figures had been fairly static throughout the county, but the indications over the past two years were that this period of containment was at an end.

The disorders in July and August accounted for only 1 per cent of the year's crime total but Mr Oxford said there was no doubt they had an indirect effect on the figures by reducing the number of officers available for normal policing.

The riots, however, had a considerable effect on the level of offences against the person, which had been falling, and the value of property damaged. About 723 of the 728 reported offences of wounding and assault in the riots were injuries to police officers. Damage to or theft of property totalled more than £10m.

Mr Oxford caused considerable controversy by using CS Gas in July, for the first time on the streets of Britain. He said: "The violence shown against property and the police during this time was unprecedented in modern policing history."

Commenting on the disorders he said: "This sad chapter in the history of Merseyside will stay in the minds of citizens and police officers for many years, and it will take a determined effort on the part of all to improve the quality of life in Merseyside and ensure the scenes of 1981 are not repeated."

He said that after the disturbances more than 2,000 letters were received by Merseyside police, expressing support for the way the disturbances had been dealt with. Donations to police charities totalled £6,563.

The report said the increase in house burglaries, throughout the year was particularly serious about 17 per cent up on the previous year. Burglaries in other premises were 23.5 per cent.

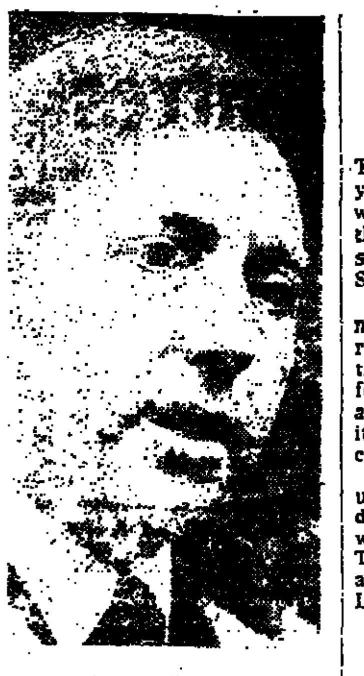
Juveniles aged 17 and under made up 32 per cent of those prosecuted and cautioned, with 384 children under the age of criminal responsibility (ten) coming to notice for committing crime.

Complaints against the police during the year totalled 1,730, with 71 complaints substantiated and formal disciplinary action against three officers. Two officers were the subject of criminal proceedings. About 346 complaints were still being investigated.

Mr Oxford said he thought it important to realise, at a time when the Home Secretary was considering procedures for investigating complaints, that whatever procedure was produced there would be sections of the community "dissatisfied with any decision, other than one they support, irrespective of the merits of the case."

An increasing proportion of police time was taken up with investigating complaints, he said. Demands were such that premature retirement by officers of superintendent rank was often due to the continual pressures placed on them in investigating complaints.

● Mr William Whitelaw, the Home Secretary, announced in the Commons yesterday that he was issuing, for extensive consultation, new draft codes of practice for the police based on the recommendations of the Royal Commission on Criminal Procedure.



Arthur Scargill

Scargill angry at Ezra 'insult' over letters

By Maurice Samuelson

THE RELATIONSHIP between Mr Arthur Scargill, president of the National Union of Mineworkers, and the leaders of the National Coal Board were near breaking point at least a week before he strode out of a meeting with Mr Norman Siddall, the board's chairman designate, after only 3½ minutes last Thursday.

On June 17, Mr Scargill wrote an angry letter to Sir Derek Ezra, the board's chairman, accusing him and Mr Siddall, then his deputy, of failing to reply directly to letters from himself and Mr Lawrence Daly, the union's general secretary.

Mr Scargill's letter, which was signed by a typist, accused Sir Derek of "a direct insult to myself and the Union," and warned that replies from other board members to such correspondence would not be accepted in future.

Mr Scargill had apparently been incensed that letters addressed to Sir Derek and Mr Siddall had been answered by Mr James Cowan, the board member for industrial relations, who has subsequently been promoted to be joint deputy chairman.

The contacts between Mr Scargill and the board were complicated by the fact that Sir Derek has been winding down his activities as chairman, the post he has held for the past 11 years. He is to retire on Friday and will be succeeded by Mr Siddall.

Although Sir Derek asked his staff to draft a reply to Mr Scargill's letter of June 17, it was learned last night that none had yet been sent.

The coal board said Mr Scargill's earlier correspondence with Sir Derek had been answered by Mr Cowan because of the need for continuity in industrial relations, for which Mr Cowan will continue to have special responsibility.

The NUM refused to comment, unless it was told from what source Mr Scargill's letter was obtained.

Mr Scargill's letter of June 17 reads:

Dear Sir Derek,

During the course of recent weeks, the General Secretary and myself have written to you and to your Deputy Chairman on a variety of issues, only to receive replies from another Board member. This can only be interpreted as a direct insult to myself and to the Union and I have no doubt that it will be so interpreted by our membership at large.

I am writing therefore, to make it clear that in future, such replies will not be accepted. On occasions where I feel that the importance of the subject renders it necessary for a letter to be sent to the Chairman of the Board, I am entitled to expect a reply from the Chairman of the Board and any other replies will therefore be ignored. I hope this makes my position, and that of the NUM, clear.

Yours sincerely,

(A. SCARGILL, PRESIDENT).

Medical record misuse 'should be criminal'

By Raymond Snoddy

THE BRITISH Medical Association (BMA) yesterday urged the Government to make the misuse or disclosure of medical records a criminal offence.

The BMA, which represents most British doctors, said in a written response to the Government's proposals for legislation to protect data that any keeper of medical records should have a statutory responsibility to keep them safe, and that the responsibility should be backed by criminal sanctions.

The proposed registrar on data misuse should be independent of Government and be appointed in the same way as the Ombudsman, the BMA said. It added that the registrar should have the power to start court proceedings and that no medical information should be given to the police without the patient's knowledge.

Census shows pensioners form 17% of population

BY LISA WOOD

ROUGHLY one in six of Britain's population is of pensionable age, with the highest proportion in the South West, according to findings from the 1981 Census.

Results show that although the population present on census night in Britain increased by only 0.6 per cent between 1971 and 1981 the number of pensioners went up by 10 per cent to 17.7 per cent, the number of under-16s fell by 12 per cent.

Some 5.7 per cent of the population were aged 75 or more, with the lowest proportion of people of pensionable age being in the West Midlands (16.1 per cent) and highest in the South West (20.7 per cent).

The census results, published by the Office of Population Censuses and Surveys, also show that in the 10-year period to 1981 the number of one-person households increased by 30 per cent. Just over a fifth (22 per cent) of the households in Britain consist of one person living alone.

On census night Britain's population stood at 54,285,422 with the regional population change between 1971 and 1981 varying from a decrease of 2.8 per cent in the North West to an increase of 12.1 per cent in East Anglia.

Other results show that between 1971 and 1981 the number of house owner-occupiers went up by over 2m—56 per cent of householders were owner-occupiers compared with 48 per cent in 1971. The proportion of households rented in the private sector fell from 22 per cent to 13 per cent.

● OPCS 1981 Census Monitor, price 30p.

McDermott wins contract for platform jacket

By Sue Cameron

McDERMOTT'S Scotland division has won a contract from the British Gas Corporation for the jacket of a drilling platform that will be used in the Morecambe gas field off the Lancashire coast.

The contract is worth "several million pounds" but neither British Gas nor McDermott would give exact details of its value. The total sum involved, however, is thought to be less than £10m.

The jacket will be fabricated at McDermott's Ardesier yard over the next 12 months.

The Government gave British Gas the go-ahead for its £1bn development of the Morecambe field in February. The field has estimated recoverable reserves of 4.5 trillion (million million) cubic feet of gas and is expected to come on stream in 1984.

Confidentiality claimed for ministerial papers

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE CLOAK of confidentiality which protects Cabinet papers from public disclosure also covers the documents of ministers and their departmental officials, it was claimed in the Court of Appeal yesterday.

All such documents were involved in governmental decision-making and the disclosure of any would destroy the long-established principle of confidentiality, said Mr Simon Brown.

He was continuing the Department of Trade's appeal against a High Court order in May. It called for 100 ministerial working papers, to do with formulation by successive Trade Secretaries of Government policy on the British Airports Authority (BAA) between 1977 and 1980, to be produced for inspection by a judge.

Mr Justice Bingham had reached the provisional conclusion that production would be necessary, if justice were to be done in a pending claim by 20 international airlines against the BAA and the Trade Secretary over increased landing charges at Heathrow Airport.

The airlines are cross-appealing against the judge's refusal to order production of about 150 other documents which passed between officials of the Trade Department and between that and other government departments.

The Crown opposed production of any of the documents, claiming immunity for them, in that disclosure would be contrary to the public interest.

Mr Brown said that since the Bingham ruling, six other relevant documents, all cabinet or cabinet committee papers, had been found.

They included two memorandums of the Chief Secretary to the Treasury, an extract from the minutes of a cabinet committee meeting presided over by the Prime Minister, a Treasury paper to the cabinet, a note of a cabinet discussion and a letter from the Chief Secretary to the Treasury to the Energy Secretary, copied to the cabinet committee.

At the earlier hearing, Mr Brown said, he had been unaware of the existence of those documents, or of the relationship between departmental documents and cabinet decision-making.

He said that Sir Robert Armstrong, the Cabinet Secretary, had stated that it was necessary, in the national interest, that Cabinet documents not be disclosed. The importance of confidentiality for the inner workings of government at that level was widely recognised, Sir Robert said. That confidentiality might be as gravely prejudiced by the disclosure of departmental documents as by the disclosure of Cabinet papers.

Mr Brown also read a certificate in which Sir Kenneth Clucas, former permanent secretary at the Trade Department had stated his objection to production of the department's documents.

Sir Kenneth had stated that the documents included privately-expressed opinions of ministers in the last Labour government, and advice given to them by their officials. He referred to the long-standing and important constitutional rule, observed by successive governments, that an incoming minister was not allowed to see the documents of his predecessor in a government formed by another party. To reveal the advice sought and given might well make the process of government more difficult, Sir Kenneth had stated.

Mr Brown said that the documents included a letter from Mr John Nott, when he was Trade Secretary. Production of that would mean, almost inescapably, that Mr Nott would have to give evidence about his thought processes, the influences on him, and what had been said in Cabinet.

"It would be unheard of," suggested Mr Brown.

The hearing continues today.

Big rise in bank loans to private sector

By David Marsh

BANK LENDING in sterling to the private sector rose by a record amount after seasonal adjustment in the latest quarter, with the rise led by heavy borrowing from the services and personal sectors, according to Bank of England figures.

The statistics, contained in the Bank's analysis of credits granted between February and May, underline Government difficulty in controlling private sector borrowing even at a time of sluggish economic recovery.

Significantly, lending to individuals, which has been particularly buoyant for some time, spurted again, with bank credits for house purchases reaching a record.

The figures show that credit demand from industry is much stronger in the services sector, which has weathered the recession fairly well compared with ailing manufacturing companies.

Private sector borrowing rose by £4.97bn, seasonally adjusted, during the quarter. This was slightly more than the previous record of £4.33bn during the November to February period.

Total sterling lending to UK residents through both advances and acceptance credits, rose by £5.29bn or 7.4 per cent during the quarter. The bulk of the total — £4.73bn (before seasonal adjustment)—represented credit demand from the private sector.

This compared with a total increase in sterling lending of £4.37bn in the previous quarter. Lending for the private sector was £4.29bn. The public sector made small net repayments.

Recovery of taxes delayed by the civil servants dispute again affected the figures, although to a smaller extent than during the previous quarter. Tax arrears were reduced by £1bn during the latest quarter, compared with £2bn during November to February.

Lending to individuals rose £1.67bn or 10.8 per cent, with loans for house purchases up a record £1.05bn (18 per cent).

The services sector accounted for the largest absolute rise, with loans up by £1.91bn or 8.5 per cent.

The retail distribution trade also borrowed heavily, with lending up 10.7 per cent.

There were more modest increases in lending to manufacturing industry—up £676m or 3.9 per cent. All categories except chemicals and allied industries showed rises.

Taxes on sick pay become law

By Eric Short

THE GOVERNMENT'S plan to bring sickness benefits within the tax orbit, contained in the Social Security and Housing Benefits Act 1982, received the Royal Assent on Monday.

The Act establishes the Statutory Sick Pay scheme under which, from April 1983, employers will take over from the social security system the responsibility for paying employees in the first eight weeks of sickness. The scheme sets a statutory minimum level of payment.

As employees stay on the payroll, the sickness payments will be subject to tax under PAYE. This scheme achieves the Government's objective of taxing sickness benefits, at least in the first eight weeks of sickness — a period which accounts for well over 90 per cent of sickness claims.

The payment will be on a flat rate basis, independent of marital status and family size, in contrast to the present social security system. Payment is related to the average sickness benefit paid now and on present benefit levels would be £37 a week for employees earning at least £60 a week.

The sickness payments will be revised each April in line with annual price movements on the previous November—the month when social security benefits are uprated. The forthcoming benefit upratings have assumed a 9 per cent increase in the Retail Price Index for the 12 months to November 1982.

It also means that because the employee remains on the payroll, both he and his employer will continue to pay National Insurance contributions in the first eight weeks of sickness. An employee who is not contracted-out of the state earnings-related pension scheme would pay an insurance contribution of £3.22 a week on sick pay of £37. His employer would pay £5.03 a week.

These two features mean that very few employees will be better off when sick.

Employers will be able to offset sickness payments made under the new scheme against their National Insurance contribution bill.

Navy approves plant to provide fuel for nuclear submarines

BY DAVID FISHLOCK

THE NAVY has given British Nuclear Fuels approval to start building a uranium enrichment plant at Capenhurst, Cheshire, to provide for Britain's nuclear submarine fleet.

The project, expected to cost more than £100m over the next four years, was frozen last year in Ministry of Defence economies on capital expenditure.

The Navy has been fuelling its nuclear fleet with uranium enriched to high levels—exceeding 90 per cent—by the U.S. Government, under a barter agreement involving the exchange of plutonium from the Ministry of Defence's reactors at Calder Hall and Chapelcross.

Under the terms of the new project, BNFL will finance construction of an enrichment factory based on gas centrifuge technology.

The new factory will enrich uranium to "intermediate" levels—well above the few per cent needed for commercial reactor fuel, but short of the highly-enriched levels required for submarine fuel.

The final stages of enrichment, to a level exceeding 90 per cent, will be carried out for the Navy in the U.S.

According to the Ministry of Defence the latest proposals by BNFL are "more economic in terms of both national and defence resources than the original plan."

Mr Con Allday, managing director of BNFL, said the new proposal was a "perfectly straightforward commercial proposition." It would avoid the redundancies the company has forecast at Capenhurst in October 1981 and would enhance employment prospects for the company and in the region.

The enrichment plant it was building would be simpler than the high-enrichment plant originally proposed, because it could avoid the problems of nuclear criticality posed by high levels of enrichment.

It would use the same second-generation gas centrifuge the company was installing in an adjoining commercial enrichment plant already under construction.

Rayner suggests savings in research laboratories

BY DAVID FISHLOCK, SCIENCE EDITOR

SAVINGS of about £15m a year and a "once-and-for-all" saving of £7m have been identified by Sir Derek Rayner in a financial review of the support services for Government research and development establishments.

Sir Derek said yesterday that he believed the savings could be doubled across the whole network of Government laboratories.

The savings, mostly in defence establishments, have been pinpointed in an audit of the activities of over 8,000 staff, about 40 per cent of all Government laboratory support staff.

It embraced 19 out of more than 70 Government research establishments, whose activities range "from nuclear weapons and the effects of corrosion on concrete to the growing of anenomes."

They occupy over 25,000 acres, employ about 35,000 staff, and cost over £600m a year to run.

The report acknowledges that their scientific standards are "well known and well respected." Nevertheless, it identifies scope for savings of as much as 26 per cent in support staff and 25 per cent in support costs.

Savings recommended include staff reductions and the sale of about 270 acres of land, 450,000 sq ft of storage, workshop and office space and 200 vehicles.

The biggest saving is identified in the support of the 12 defence research and development establishments. The review recommends a reduction in staff of 1,098, saving 13 per cent on operating costs per year.

About 800 of the potential staff savings arise "from adopting more realistic levels of service," the report says. For example, it found that as many as 10 messenger rounds were provided daily where "two or three are usually enough."

The air taxi service provided by the Royal Aircraft Establishment, Farnborough, was 25 to 50 per cent more expensive than commercial air taxis, says the report.

Laboratory animals bred by the Central Veterinary Laboratory of the Ministry of Agriculture cost up to 30 times the commercial price. Rats bred in-house cost more than £30 each, whereas the market price is less than £2 apiece, says the report.

The review, cost £350,000, excluding the time of establishment staff consulted.

Economists propose two incomes policy strategies

BY ROBIN PAULEY

TWO alternative economic policies, both of which would involve an incomes policy and would produce growth in output of more than 5 per cent a year in 1984, are being proposed at a conference in Cambridge.

The first alternative to present policies involves domestic reflation with protection by the imposition of tariffs on manufactured imports, and an incomes policy. The other involves a general reflation accompanied by an industrial investment policy and an incomes policy.

Both have an incomes policy as the key to stimulating output and employment growth without a return to rapid inflation, according to Cambridge Econometrics which has organised the conference with the Cambridge Growth Project.

The protectionist option assumes the introduction of substantial reflationary packages in successive budgets from late 1983 onwards. Import tariffs would start at 15 per cent and rise to 30 per cent by 1990. The strategy includes a sterling devaluation and an assumption that trades unions co-operate on wages policy.

The tariff revenues are used to finance reflation and allow a 2.5 per cent increase in real personal tax allowances from 1986.

Retaliation in the form of 10 per cent tariffs on British exports by trade competitors is assumed as is British withdrawal from the Common Market during 1984 with consequent food price cuts and an end to Britain's net contribution to the EEC budget.

The main benefit is described as a cut in unemployment to 1.5m by 1990 compared with projected 3.2m under present policies. A third of the extra jobs created would be in the Government sector.

The major cost is additional inflation. Tariffs of 30 per cent by 1990 could not sustain output growth at more than 1.5 per cent a year as inflation would destroy the competitiveness of exports. Faster growth could be achieved by higher tariffs, tougher incomes policy, deflation or another devaluation of sterling.

The investment package has a similar size reflation. It would involve Government support for a number of key related manufacturing industries to try to regain home markets lost to import penetration.

It would also try to establish an extensive and competitive manufacturing export base. The total direct costs to the Exchequer would be £7bn by 1990.

During 1984-86 GDP is projected to rise by 4.6 per cent a year and unemployment to fall to 2.2m. Output growth of 2.8 per cent could be sustained in the longer term at about 1 per cent a year faster than under current policies.

During 1987-90 the incomes policy would have to be toughened to hold wage rises to about 10.5 per cent with consumer prices rising at about 9 per cent.

De Lorean plan backed

BY OUR BELFAST CORRESPONDENT

NORTHERN Ireland-based unsecured creditors of De Lorean Motor Cars agreed in Belfast yesterday to continue supporting the efforts of the joint receivers to negotiate the sale of the assembly operation.

The creditors said they understood the company could be kept in existence until the end of the year if that was necessary to find a buyer.

Mr Malcolm Stevens, chairman of the committee of local unsecured creditors, said it had firm hopes that discussions with a UK consortium would bear fruit and the creditors could then expect to receive some payment.

He described the UK consortium's offer as far more substantial than the continuing "nebulous proposals" from Mr John De Lorean, chairman of the U.S.-based De Lorean Motor Company.

The current negotiations were the only lifeline which the unsecured creditors had.

The creditors will meet again at the end of July to review the position.

He said Mr James Prior, the Northern Ireland Secretary, was aware of the content of the present discussions. But creditors felt the Government would be sympathetic to the needs of the UK consortium because of the desirability of maintaining jobs in West Belfast.

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Thatcher praises 'good sense' of NUR delegates

BY IVOR OWEN

RAILWAYMEN who reported for work on Monday in defiance of the executive of the National Union of Railwaymen and delegates who voted at the union's conference to suspend the rail strike were praised by the Prime Minister in the Commons yesterday.

In some notably restrained comments on the abandonment of the strike on its first day, Mrs Thatcher contented herself with thanking those who had ensured that "good sense" prevailed.

She felt sure that her sense of gratitude was shared by those who used the rail network for personal travel or for the transport of goods.

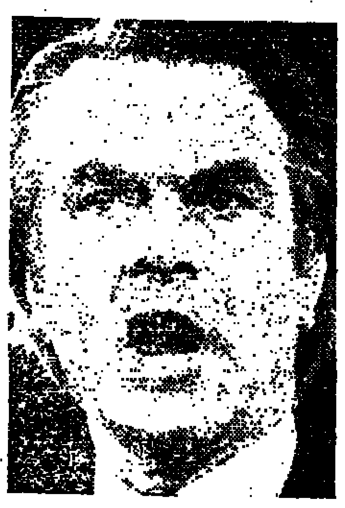
The Prime Minister rejected a suggestion by Dr David Owen, parliamentary leader of the Social Democrats, that the Government should amend the Employment Bill during its passage through the House of Lords to take account of the "real lesson" of the rail dispute—the need to extend and enlarge the democratic procedures of the unions.

But while ruling out such action in the current parliamentary session, Mrs Thatcher clearly raised the hopes of some of her supporters who, like the Social Democrats, favour the wider use of secret ballots not only to make strike decisions but for the election of key union officers.

She stated: "I hope one day it will be introduced, before the next general election."

Mrs Thatcher linked her acknowledgement of the good sense shown by NUR members over the strike with another firm demand that all the railway unions should now deliver their outstanding commitments on measures to improve productivity.

She said agreements had been made covering six specific areas, and so far, only two had been implemented.



David Owen: "learning the real lesson"

The Prime Minister listed these six areas as: flexible rostering; experiments with open stations; single manning; introduction of the train-man concept (designed to end demarcation disputes between different grades); operation of the new electric trains on the St Pancras-Bedford service without guards; and removal of guards from freight trains fitted with automatic brakes.

Mr Michael Foot, Leader of the Opposition, suggested that the best way to celebrate the calling off of the strike would be for the Government to deliver the undertakings it had given on railway investment.

He argued that such a step would not only be in the best interests of the railway industry but would also be a sensible response to the Treasury's decision to revise downward its forecast for economic growth this year.

Mrs Thatcher replied that before decisions were taken on further railway investment the Government needed to be sure that the expected return would be obtained from investment which had already taken place.

She stressed that work on the £150m electrification of the St Pancras-Bedford service, started in 1976, was almost complete, but there was no prospect of a return on the investment because disagreements with the unions meant that the equipment was not being used.

Dealing with the wider aspects of the outlook for the economy the Prime Minister admitted that the findings of the latest Confederation of British Industry survey were "disappointing." They confirmed, she said, that there had been some flattening out of activity over the last six months or so.

But the Prime Minister emphasised that the CBI's survey at the end of May and the view of the London Business School pointed to continued and resumed recovery in the course of the current financial year.

Mrs Thatcher added: "It is important that we keep inflation going down and make every effort to keep interest rates down."

Mr Foot asked how the Prime Minister could reconcile her reference to "flattening out" of economic activity with earlier statements forecasting an economic upturn.

Further investment in the railways, he insisted, would help the economy. He also underlined his belief that Mr Sydney Weighell, the NUR general secretary, had justly claimed that his members had fulfilled all their promises. Now, they were waiting for the Government to do the same.

Mrs Thatcher then listed earlier agreements on productivity which had not yet been implemented, and pointed out that the external finance limit for the railways this year was £950m, "the highest amount ever."

Accord near on Falklands inquiry

BY OUR POLITICAL CORRESPONDENT

THE GOVERNMENT seemed confident yesterday that it was closer to agreement with the opposition parties on the form of the inquiry into events leading up to the Argentine invasion of the Falkland islands.

An inquiry team of five senior privy councillors is likely to be set up later this week with instructions to produce a fair and thorough report by the end of the year.

Yesterday, at Question Time, the Prime Minister said the inquiry would have access to documents and would be able to interview and cross-examine civil servants and Ministers past and present. She said there would be no constraints on the questions they could ask.

Mrs Thatcher continued her consultations at Westminster yesterday over the form of the inquiry by speaking to leaders of the minority parties.

Originally, it looked as if there could be a row between the Government and the opposition parties, over the Prime Minister's apparent determination to ensure that the inquiry examined the attitude of successive governments towards the Falklands, rather than just the present government's handling of the situation.

The Prime Minister is still insisting that the inquiry should look back over the past 20 years, but she has apparently acknowledged that since all governments have taken basically the same attitude towards the Falklands, the inquiry is bound to concentrate on the events immediately leading up to the invasion.

Downing Street seemed optimistic yesterday that the other parties would be satisfied by an undertaking to publish the report; by Christmas. This would still be later, however, than Mr Michael Foot, the Labour leader, would like. He has argued that the inquiry should be asked to produce an interim report before the summer recess.

The Prime Minister has already canvassed a number of names with the opposition parties, although no-one has yet been approached.

Doubts on control of borrowing

BY MAX WILKINSON

MR JOCK BRUCE-GARDYNE, Economic Secretary to the Treasury, said yesterday there could be major difficulties in giving parliament control over public borrowing during the year.

He told the Select Committee on Procedure that he did not, in principle, see any reason why parliament should not monitor the progress of public borrowing if it wished. MPs might, on the other hand, find this a rather indigestible task.

The idea of parliamentary control over borrowing was a different matter and was bound to cause anxiety. "There has been remarkable unanimity among all the witnesses that there are almost insuperable problems involved in the actual control of borrowing, by which one presumably means some actual numerical limit," Mr Bruce-Gardyne said.

The difficulty was that public borrowing represented the difference between two very large figures, total public expenditure and Government revenues.

Parliament voted for two legs of this triangle, expenditure and revenue, but it did not control the actual sums involved because these were determined by other economic and social factors.

Parliament might, for example, vote for a particular level of benefits, but it did not determine how many people would claim those benefits. On the other hand parliament voted for particular tax levels, but the yield of taxation would depend upon economic activity.

Borrowing was the third leg of the triangle. If parliament voted for the first two legs, it could not also control the third because that would depend on the general state of the economy.

Mr Bruce-Gardyne said: "You have got to have some elastic in the system and that elastic is public borrowing."

In voting for expenditure, parliament was determining the end and it could not therefore easily refuse the means.

He said parliament might also run into difficulty in setting in limit to permissible public borrowing. If the limit were too small the Government would frequently need to ask for it to be increased and "the thing would be brought into contempt." If the borrowing limit were set too high, parliament would not have effective control.

There was a further difficulty facing MPs who wanted to interpret borrowing figures. The montly and quarterly figures which were published were influenced by wide variations resulting from seasonal and other special factors.

The way in which a set of figures related to an annual borrowing forecast depended on the level of economic activity, economic prospects and other factors.

Mr Bruce-Gardyne said there was therefore anxiety that particular figures could have more weight attached to them than they could properly bear.

The House of Commons Treasury Committee did already receive regular figures on the progress of public borrowing. It was therefore a matter for Parliament to decide how these figures should be made available to the House.

PR 'a safeguard for stability'

BY PETER RIDDELL, POLITICAL EDITOR

THE BATTLE to keep alive the campaign for electoral reform within the Tory Party was renewed yesterday with a new pamphlet from Conservative Action for Electoral Reform.

The pamphlet, by Mr Miles Hudson, a former Tory adviser and vice chairman of the group, argues for proportional representation on the grounds that it would be a safeguard for the stability of British institutions against unecessary friction and tension. He believes that the present first past the post system of elections could lead "to unwanted extremism and that this danger exists now."

The Tory electoral reformers claim the support of more than a fifth of Tory MPs, including several senior Cabinet Ministers. They are very much a dissident group within the party against Mrs Thatcher's deep-rooted hostility to any idea of proportional representation.

This is underlined in the introduction to the pamphlet where Mr Cecil Parkinson, chairman of the Conservative Party, dissociates himself from it. Mr Parkinson says he does not subscribe to the conclusions advocated by the pamphlet "nor do I believe that the majority of the Conservative Party shares the views expressed in it. We are, however, an open-minded party and we welcome informed debate on issues about which some of our party colleagues feel strongly."

The pamphlet does not come down in favour of any particular method of proportional representation, on which there has been a vigorous debate among Tory electoral reformers as among supporters of PR generally. Mr Hudson limits himself to saying: "It would be arrogant to pretend that we can possibly forecast or determine the result of necessarily complex negotiations and compromises, perhaps after the deliberations of a constitutional commission or a Speaker's conference.

The pamphlet contains some favourable references, however, to some version of the additional member system used in West Germany where members elected in single member constituencies on the present system are topped up to ensure greater proportionality between votes cast and seats.

Electoral Reform, the Conservative View by Miles Hudson, from Conservative Action for Electoral Reform, 66, Queen Street, Mayfair, London W1.

Commons Sketch

Medals all round for flag waving

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE SUDDEN resurgence of British patriotism was still in evidence in the Commons yesterday with Labour MPs eager to prove that they could wave the flag just as well as their Conservative opponents.

The cult of nationalist nostalgia surfaced during defence questions when the newly knighted Sir Geoffrey Johnson Smith (Con East Grinstead) asked the Government to reconsider its refusal to award a campaign medal to those who served in the Suez Canal zone in 1951-52.

For people whose memories do not go back that far, he was referring to the time when British servicemen were still trying to cling on to the Canal despite the determination of the Egyptians to take it over.

When Mr Jerry Wiggin, Defence Under Secretary, again rejected the appeal for a medal, Sir Geoffrey waxed highly indignant, crying out that it was time this injustice was remedied.

The Minister tried to smooth his ruffled feathers by congratulating him on his knighthood, a compliment which brought raucous Labour suggestions that the irate back bencher should himself be awarded a medal. Not to be placated Sir Geoffrey then announced that because of the unsatisfactory reply he would raise the matter at a later date.

Arctic exercise

As the House turned its attention to the adequacy of British equipment in the Falklands, Labour MPs let it be known that they were as concerned as anyone about the comfort of our lads.

Mr Alec Woodall (Lab, Hemsworth) gave a solemn account of how he had shared the hardships of British troops during an Arctic exercise in Norway and had found their clothing satisfactory in every respect. "Give him a medal too," shouted Tory back benchers good naturedly.

Their amusement soon turned to incredulity, however, when Mr David Stoddart (Lab, Swindon) called on the Ministry of Defence to reverse its decision to close the RAF station at Kemble near his constituency. Apparently Mr Stoddart was all in favour of the base remaining open even if this meant the U.S. Air Force taking it over.

The prospect of any Labour MP demanding the return of the Yanks to British soil tickled the imagination of Tory MPs. Their jeers redoubled when Mr Stoddart angrily protested: "Many of my constituents work at Kemble. They believe there is a continuing need to keep it open."

A little later, that quixotic figure, Mr Robert Atkins (Con, Preston North) embarked on an exercise in patriotism which proved just too much for the Labourites. He tried to introduce a Bill moving the bank holiday from May Day to April 23, St George's Day and Shakespeare's birthday, or alternatively to the Queen's Birthday.

It was time, he thought, that the politically motivated decision of 1976 was reversed. The holiday should be moved to a date more in keeping with the traditions of England instead of "a workers' jamboree more readily associated with the march through Moscow displaying all the military might and hardware of the Communist bloc."

Founding member

Mr Atkins' interpretation seemed to depict St George as a founding member of the Conservative Party symbolising the forces of light overcoming darkness and the triumph of order over chaos and disintegration.

Opposing the Bill from the Labour benches Mr Stan Thorne (Preston South) also claimed the backing of immemorial tradition for the retention of the May Day holiday. He appeared to share Wiliam Morris's vision of the Middle Ages as a time when honest British craftsmen demonstrated their sense of community by dancing round the Maypole.

In any event, Mr Atkins' mystical brand of patriotism failed to persuade enough of his fellow Tories to vote for the Bill and it was rejected by a majority of 23 (148-125).

Robert Atkins: critic of the workers' jamboree

Tribune group may split over party curb on Militant

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE LABOUR leadership's proposals for dealing with Militant could lead to a break up of the Tribune Group in its present form.

About a dozen MPs on the far left of the party are expected to meet soon to consider setting up a new left-wing group at Westminster committed to fighting the proposed register of Labour groups.

The idea of forming a new group at Westminster to the left of the Tribune Group, which traditionally represents left-wing opinion at Westminster, has been mooted before.

It was much discussed just after last year's party conference, when Mr Tony Benn's bid for the deputy leadership led to serious divisions within Tribune. Now, it seems to have been given new impetus by the split within the Tribune ranks over how to react to the proposed register of Labour groups.

On Monday, Mr Reg Race, and 19 other MPs on the far left of the party, failed in a bid to commit the Tribune Group against registering. Now some of them are thought to be considering the idea of a breakaway on the grounds that there should be some focal point at Westminster for the campaign to save Militant from expulsion.

Some MPs on the far left, however, are arguing that they should continue to work within Tribune and that they would weaken their position by going it alone.

The two strands of left-wing opinion within the group have become increasingly polarised in recent months.

Earlier this year, supporters of Mr Tony Benn effectively gained control of Tribune newspaper, which Mr Michael Foot, the party leader, used to edit. The newspaper has moved sharply to the left as a result, infuriating many old school Tribunites.

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Urgent call to heal split among rail unions

By Philip Bassett, Labour Correspondent

THE TUC is to convene urgently a meeting of the Rail Federation—the umbrella body covering British Rail's two manual unions—in a move to prevent the failure of its initiative to bring the two unions into closer working.

The federation — the main hope of achieving the long-term aim of merging the NUR and the train drivers' union Aslef—is clearly teetering dangerously on the point of collapse.

Since the efforts of Mr Len Murray, TUC general secretary, finally led to the annual conference last year of both unions accepting the idea, the federation has not actually met once.

The latest meeting deferred was one set for last week between the executive of both unions, to be chaired by Mr Murray.

This was cancelled because of the then-impending NUR strike. This meeting is now being rearranged for after the end of the NUR conference in Plymouth.

Calls for the NUR to withdraw from the federation were strongly made by delegates to the conference at Plymouth yesterday. NUR members are particularly annoyed that while they refuse to cross picket lines during the Aslef flexible rostering dispute earlier this year, Aslef members went to work during the NUR's strike on Monday.

In return, Aslef is angry not only because the NUR agreed to BR's proposals on flexible rostering, but that Mr Sid Weighell, NUR general secretary, was openly critical of Aslef for refusing to do so.

However, NUR left-wingers said that relations between the two unions were in the main good, but that there was a clash of personalities between Mr Weighell and Mr Ray Buckton, Aslef general secretary.

In his annual report yesterday to the conference, Mr Weighell said that there were a number of instances in which Aslef had broken the terms of the original agreement drawn up by Mr Murray which set up the federation.

Acas to act in health service dispute

BY BRIAN GROOM, LABOUR STAFF

MR PAT LOWRY, chairman of the Advisory Conciliation and Arbitration Service (Acas) has agreed to intervene once more to seek a solution to the National Health Service pay dispute.

This time he will act in his capacity as Acas chairman. Previously he acted as go-between in a personal capacity, at the request of Mr Norman Fowler, Social Services Secretary.

The TUC Health Services Committee asked Mr Lowry to step in again. He will meet members of the committee on a date to be arranged, and may then seek another meeting with Mr Fowler if he judges it to be worthwhile.

It is unlikely that the TUC, which is seeking 12 per cent rises, will put new proposals to Mr Lowry. It is concerned, however, that some form of communication should continue after its rejection of the Government's improved 6 per cent to 7.5 per cent pay offers. But with Mr Fowler insisting that the offers are final, it is difficult to see what Mr Lowry can achieve.

The management side of the Nurses and Midwives Whitley Council yesterday met to formulate a new detailed pay offer to the 480,000 nurses, adding up to 7.5 per cent of the total pay bill. It will give rises of between 6 per cent and 10.4 per cent.

Senior nurse managers would get 6 per cent, staff nurses, ward sisters and other clinical grade 7.5 per cent, and nurse tutors between 6 per cent and 10.4 per cent.

The Health Department said this would give a staff nurse on the top paygrade an extra £7.81 a week on her present basic pay of £104.06. Top-grade ward sisters would receive £10.38 on their basic of £138.37, while a top-grade clinical teacher would get £14 on top of the present £144.81.

The offers did not impress Mr David Williams, the nurses' staff side leader. "We will not be drawn into discussion or negotation about any offer within 7.5 per cent," he said.

The National Union of Public Employees attacked the Health Department's figures as misleading, and based on small numbers of higher grades.

A staff nurse on the bottom grade would receive £1.06 net after tax and other deductions and increased meal and lodging charges, Nupe said. A third-year student nurse would get £1.15 net on the same basis, and nursing auxiliaries in hospitals would be 9p a week in deficit.

Mr Albert Spanswick, general secretary of the Confederation of Health Service Employees and chairman of the TUC Health Services Committee, yesterday sent an open letter to the 480,000 nurses, urging them to stand firm and reject the 7.5 per cent offer.

● Many routine operations at dozens of hospitals in South London, Surrey, Sussex and Kent will have to be cancelled because of a shortage of blood.

Pressure for 'shorter work life'

BY JOHN LLOYD, LABOUR EDITOR

THE PRESIDENT of the Confederation of Shipbuilding and Engineering Unions yesterday gave notice that the country's engineers would continue to press for a "shorter working week, a shorter working year, a shorter working life."

The confederation has 17 affiliated unions and 2.5m members in the engineering, shipbuilding and aerospace industries.

Mr Gerry Eastwood, general secretary of the Patternmakers Association, told the confederation's annual conference that the unions would be pressing for a reduction in working time *during next year's negotiations* with the Engineering Employers' Federation.

The 39-hour week was won last year after a long series of strikes in 1979. The agreement prohibited the CSEU from raising the issue until next year.

Mr Eastwood's opening address to the Llandudno conference was a sombre one, in tune with reports from CSEU district comittees which built up an almost wholly unrelieved picture of engineering industry decline.

Every one of the 40-plus reports noted increases in unemployment, plant closures and short time working.

Delegates to the conference *— most of whom are full-time* officials—expect no upturn in their industries over the next year. They believe they will see a continued high level of redundancies, even in normally buoyant areas such as aerospace.

Mr Eastwood said the decline in engineering had been "traumatic." He said there were more bankers, shopkeepers, quantity surveyors, dentists and receivers—"especially the latter"—than there were blue collar workers.

"To sustain and improve our services we must first of all create the wealth, and with all its problems the engineering industry is still the largest wealth creator in this country."

The Government had done *nothing to relieve the crisis* facing the industry and had done little for young people, he said.

Problems over 39-hour accord outlined

BY OUR LABOUR EDITOR

THE INTRODUCTION of the 39-hour week into the engineering industry following a series of strikes in 1979 has caused protracted local struggles between management and unions over the past year.

Reports from the districts to the annual conference of the Confederation of Shipbuilding and Engineering Unions on the first full year's implementation of the 39-hour agreement shows that unions found employers determined to reduce or eliminate the cost effects of the time reduction by cutting back on rest periods.

The BL "tea break strike" of last year was the most highly publicised attempt at cost savings following the shorter week's introduction — but the CSEU district secretaries' reports make clear that British engineering has seen numerous unpublicised disputes.

Reports from Coventry and Birmingham implicitly criticise the CSEU for lack of precision and for conceding too much in productivity when achieving the 39-hour week.

Birmingham's district secretary says: "A great deal of dissatisfaction has been expressed by representatives of the affiliated unions as a result of employers trying to claw back the one hour's reduction by removing or reducing personnel time allowance.

"The consensus of opinion of the affiliated unions was that any further reduction in hours should be more clearly defined."

The Colchester district secretary claims that the 39-hour week agreement "caused more problems than any other national agreement I can remember."

6.8% deal likely for Bank staff

By Brian Groom, Labour Staff

THE BANK of England seems set to reach a 6.8 per cent pay deal with 4,200 of its employees—well below this year's 8.5 per cent settlement in the English clearing banks.

A 6.5 per cent offer has been rejected by the Bank of England Staff Organisation. However, the union has cut its claim from 9.5 per cent to 7 per cent.

The governing Court of the Bank meets tomorrow and is unlikely to go as high as 7 per cent, but it may agree to offer 6.8 per cent—which the staff organisation would accept. *The increase* could then be paid from the July 1 settlement date.

The Bank has offered an extra day's leave for some workers in lower grades, increasing the lowest entitlement to 21 days a year. The union was seeking three extra days.

The staff union is thought to be unique in the City, because its members are caught up in public sector cash limits. The Bank argued that the 6.5 per cent offer was consistent with the Government's 4 per cent pay provision, as the extra 2.5 per cent would be financed from staff savings.

Journalists back print technology flexibility

By Ivo Dawnay, Labour Staff

MR KEN ASHTON, general secretary of the National Union of Journalists, yesterday backed an initiative for more flexibility by the print unions on the use of new technology in national and provincial newspapers.

Mr Joe Wade, the National Graphical Association's general secretary, had warned on Monday that the newspaper industry would collapse if agreement was not reached soon on allowing journalists and telephone advertising staff to have direct access to print computers.

Mr Ashton told the NGA's biennial delegate meeting in Eastbourne that any moves would have to be made by the print unions acting together. He gave an undertaking that any deal on direct imputing to computers would not involve a loss of jobs.

"Even under a joint agreement, that function (direct imputing) would be limited and controlled".

Mr Ashton linked the initiative to talks on amalgamation between the NGA and NUJ. "Printers and journalists must be ready with a strong amalgamated trades union organisation".

He said a package of proposals on amalgamation will be submitted to the NUJ's conference next year, with a recommendation that a ballot of members be held.

However, officials of both *unions believe* privately that organisational problems and shopfloor opposition to a merger will rule out any agreement for some years.

Mr Owen O'Brien, general secretary of the National Society of Operative Printers Graphical and Media Personnel, has welcomed Mr Wade's call for new agreements on computer technology. "We have got to reach some accommodation with each other or we will all sink together".

Natsopa, which formally merges with the Society of Graphical and Allied Trades at the weekend, represents among others newspaper advertising staff who have long sought access to computer terminals.

The first major opposition to a revision of agreements on direct imputing to computers is expected at the NGA conference tomorrow. Several delegates, *particularly* those representing Fleet Street newspapers, are likely to use debates on new technology in the provincial and national press as opportunities to express their determination to maintain the sole right to control the imput of material.

Sealink strike call defeated

A CALL for an immediate strike against Sealink UK was narrowly defeated yesterday at the National Union of Seamen's (NUS) Harwich branch.

The call followed the decision by Sealink last week to guarantee no redundancies before the end of the year at Harwich, in return for agreement on new rosters which will cut ratings' earnings by up to 28 per cent.

TUC plans appeal in Lords against union choice ruling

BY IVO DAWNAY, LABOUR STAFF

THE TUC is to commit substantial funds to an appeal to the House of Lords against the recent judgment to allow workers the right to join the union of their choice.

Mr Len Murray, the TUC general secretary, told the National Graphical Association's biennial delegate meeting at Eastbourne that the ruling was "palpable nonsense" and would lead to chaos in industrial relations if it were not overturned.

The case stemmed from Mr Ernest Cheall, a security officer, who had left the Transport and General Workers' Union (TGWU) to join the Association of Professional Executive and Clerical Staff (Apex). The TGWU invoked the TUC's rules on inter-union recruitment, and, after a meeting of the TUC's disputes committee, Apex agreed to cancel Mr Cheall's membership.

But, this month in the Court of Appeal, Lord Denning found in favour of Mr Cheall and ordered his reinstatement. In a majority judgment, Lord Denning claimed that the TUC cvommittee had no authority to order the expulsion of a worker from a *union, and that* all workers had the right to join any union of their choice. The judge also said that the expulsion of a worker from a union, without sufficient grounds, was contrary to the European Convention on Human Rights.

Mr Murray warned yesterday that, if the judgment were allowed to stand, it would invalidate countless agreements between *unions* and *managements*. "It would disrupt stable bargaining positions and reduce industrial relations to chaos. We just can't live with this judgment," he said.

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COMPANY NOTICES

Notice of Change of Corporate Name

NICHIMEN CORPORATION

(formerly Nichimen Co., Ltd.—
Nichimen Jitsugyo Kabushiki Kaisha)

5-3/4% Convertible Bonds due 31st March, 1997

NOTICE IS HEREBY GIVEN that, in accordance with a resolution adopted at a General Meeting of the Shareholders of the Company, held on 29th June, 1982, the corporate name of the Company was modified, effective from the date of adoption of the said resolution, as follows:

NICHIMEN CORPORATION
(Nichimen Kabushiki Kaisha)

The Company, furthermore, wishes hereby to notify the holders of the 5-3/4% Convertible Bonds due 31st March, 1997 (the "Bonds") that the above mentioned corporate name change will not affect their rights, duties and obligations as Bondholders and that the Company will not modify or replace the form of the Bonds nor that of the Coupons appertaining thereto.

Nichimen Corporation

AZIENDA AUTONOMA DELLE FERROVIE DELLO STATO
Floating Rate Notes
due June 1988
U.S.$100,000,000

The interest rate applicable to the above issue in respect of the six month period of 184 days commencing 30 June 1982 has been fixed at 17¼%

so that accordingly the interest payable in respect of such period (calculated on the basis of a year of 360 days for the actual number of days lapsed) will be made on 31 December 1982 at US$881.67 for 10,000 dollars note and US$8,816.67 for 100,000 dollars note.

The Fiscal Agent
BANQUE DE PARIS ET DES PAYS BAS
POUR LE GRAND DUCHE DE LUXEMBOURG

NOTICE OF PURCHASE
US$100,000,000
KINGDOM OF DENMARK
11¾% BONDS DUE 1st June 1990

NOTICE IS HEREBY GIVEN to holders of Bonds of the above issue that US$ 5,000,000 nominal was purchased during the twelve month period ending 1st June, 1982.
The principal amount of Bonds remaining in circulation on 1st June 1982 was US$ 89,000,000.
Union Bank of Switzerland (Securities) Limited.
Purchase Agent.

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The Council of the Metropolitan Borough of Sefton announces that the half yearly payment of interest due on 29th December, 1982 on the above stock will be at the rate of £14.0313 (less income tax) per £100 stock.

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NO. CA-014

CVRD—Companhia Vale Do Rio Doce, will purchase 1,010,000 Tie Plates through international competitive bidding.

CVRD is applying for a loan from the International Bank for Reconstruction and Development (World Bank), towards the cost of Carajas Iron Ore Project and intends to apply the proceeds of this loan to eligible payments under the contract for which this invitation to bid is issued.

Participation in this bid is limited to suppliers established in all member countries of the World Bank, as well as in Taiwan and Switzerland.

The instructions, specifications and forms which comprise the bidding documents will be available upon written request to the Purchasing Manager, accompanied by a non-refundable payment of US$ 100 (ONE HUNDRED DOLLARS) or the equivalent in other currencies, until July 26, 1982, at the following address:

COMPANHIA VALE DO RIO DOCE—CVRD
SUPERINTENDENCIA DE COMPRAS E MATERIAL—SUMAT
RUA SANTA LUZIA, 651-31 ANDAR
CEP 20030—RIO DE JANEIRO—RJ
BRASIL
TELEX: (021) 23205, (021) 21975

Sealed bids will be received at the above-mentioned address until September 2nd, 1982, at 2:00 pm, Rio de Janeiro time.

Each bid shall be accompanied by a bid bond for the amount of US$ 40,000 (FORTY THOUSAND DOLLARS) or the equivalent in other currencies.

RIO DE JANEIRO, JUNE 30, 1982

PURCHASES AND MATERIAL SUPERINTENDENCY —SUMAT

GARDENS TODAY

A sharp eye on colours

BY ROBIN LANE FOX

HOWEVER small, gardens, I think, should control and plan their colours. Even if you opt for brightness and an abundance of flower, you should still plan the range in which you want to be exuberant.

If you mass yellows and orange or reds and yellows, you double their effect. If you limit yourself to pinks, lilacs and purples, you end up with something far prettier than you might imagine.

Colour planning does not enjoy much of a following among gardeners. They tend to feel that they can mix all their plants together in the name of natural harmony or some old "cottage" profusion. The best cottage gardens, however, keep a sharp eye on colours and do not mix everything up in a jumble. It is a myth that there are no clashes in nature and that all flowers blend together.

Colour planning, I suspect, has also not caught on because it has so often been an excuse for pallor and insipidity. White gardens were all very well, but by the 1980s, we have surely seen enough of them. I have nothing against pale colour schemes. Among flowers, I like pinks, whites, milk-blues and clear lemon-yellow in combination. However, these are only one among many possible harmonies, some of which are far bolder. Reds, yellows and oranges can be just as magnificent against a suitable background.

Only when all colours are combined without thought do they lose their impact. Some flowers, too, have a shape and habit which accentuate their strength and colour to excess. I have a weakness for very red-hot pokers, but in gardens they have to be placed with great care.

This year, I am working on a border which is to be limited to whites and reds in isolation. It has come about by accident but I am keen on my plan for it and will pass it on. In the past, its bed has been dominated by some big tree-paeonies. Their leaves are handsome, but they are that yellow-flowered variety which hides its head among the branches and drops its flowers before they make much impression.

Perhaps the losses of the recent winter have made me more savage, but having lost several large shrubs, I am not in a mood to put up with others which are large but tedious. I could grow a clematis over them, a pleasant use for these climbers which we ought to practice more often. But I think I prefer to change the colour of the bed.

Between the paeonies, several white-flowered shrubs have already crept into the background. The white-flowered Deutzias are particular favourites of mine, and if only they were scented they would rank at the top of my list of garden shrubs.

A developing bush of the elegant form called Longifolia gives me a white background in June, while a branching bush of a curious form of privet, called Quihoui, carries on the effect in August. This is an easy and ignored shrub, precious because it flowers so late. The winter did not trouble it and its leaves are not so dull as those on clipped privets in garden hedges.

Between, as always, the forms of orange blossom, or Philadelphus, come and go because there is nothing in this family which I can resist. White phlox, white valerian and a clump of the white tradescantia, an easy but forgotten plant, have crept into the gaps. If I added a few white roses and some white campanulas, I would be back with another white border in the manner of 1950s Hampshire taste.

Instead I plan to strike out with strong reds and scarlets among the white. The strongest red comes from a scarlet-flowered border plant which is called the Jerusalem Cross. This, listed as Lychnis chalcedonica, is a tough and easy plant which grows by the hundred from a seed packet. It is less common nowadays and at a height of three feet, its flat heads of small flowers in late June light up an entire border. White, I hope, will tone it down among scarlet Sweet Williams, red Aquilegias, red poppies and the annual red flax which grows so freely from seed.

The poppies will include a lovely small annual variety called Commutatus whose flowers are marked with a black blotch. It, too, grows freely from seed, along with the scarlet musk called Mimulus cardinalis which gives a good scarlet at a height of two feet. From seed, I will add the invaluable Geums for early June, flowers which start to dwindle after two years and are best, I find, if kept up by fresh sowings or by division. One called Fire Opal is especially bright, a cheerful choice for a new, bare garden.

Later in the summer, reds seem no less abundant. White and scarlet phloxes without any trace of that beastly carmine will cheer up July, while white and red sweet peas and dark red nasturtiums can fill in any gaps. In poor soil, of which I have plenty, herbaceous potentillas flower profusely, and the best known is Gibson's Scarlet, a sprawling plant which is true to its name.

I will exclude modern red roses because their shapes are stiff and their flowers turn such sad colours in very wet or very dry weather. Instead, I will go for broke on the best new border plant of the past ten years, Blooms' extraordinary Crocosmia called Lucifer bred at the Bressingham Gardens, Diss, Norfolk. This brings a red border in August within reach of those who cannot risk the deep scarlet forms of lobelia outside the hard winter.

Like a montbretia, Lucifer has fiery red flowers, held flat on strong stems above its vigorous sheaths of pointed green leaves. The past winter killed none of it outdoors, so its hardiness is beyond question.

In August, it lights up the garden before the small scarlet dahlias, an easy plant from a clusters of corms for any open, sunny soil. About three feet tall, it will become the backbone of my colour plan, among the whites of mallow, tobacco plants and hardy agapanthus.

The idea, as you see, is running far beyond the length of one bed. By limiting your colours, you begin to look at new plants from a different point of view. You also keep nature in order, a principle, *in my view, of the best-designed* gardens in this country.

FT COMMERCIAL LAW REPORTS

Maritime theft without force not 'piracy'

ATHENS MARITIME ENTERPRISES CORPORATION v HELLENIC MUTUAL WAR RISKS ASSOCIATION (BERMUDA) LTD

Queen's Bench Division (Commercial Court): Mr Justice Staughton: June 24 1982

"PIRACY" FOR the purpose of marine insurance does not necessarily take place outside territorial waters, but is a theft at sea carried out by force or threat of force.

Mr Justice Staughton so held when giving judgment for the defendant, the Hellenic Mutual War Risks Association (Bermuda) Ltd, in an action by shipowners, Athens Maritime Enterprises Corporation, for loss of equipment stolen from the Andreos Lemos.

* * *

HIS LORDSHIP said that equipment aboad the Andreos Lemos was taken away in the night by a gang of six or seven men armed with long knives. The theft was complete before they were discovered and before any force or threat of force was used. The vessel was anchored in Chittagong Roads within the 12-mile territorial sea claimed by Bangladesh.

The vessel's hull and machinery were insured on the standard form of English marine policy, which included protection against "pirates, rovers, thieves." Attached to the policy was the FC and S clause ("free of capture and seizure"), which excluded certain risks, including "piracy" from the cover.

The Andreos Lemos was also entered in the Hellenic Mutual War Risks Association (Bermuda) Ltd, a mutual association which provided insurance against war risks. The Association rules provided that the vessel was insured, *inter alia*, against "piracy" and "riots."

The present dispute was as to whether the loss came within the cover provided by the marine policy, or whether it should be borne by the Association. The question was whether the loss was caused by "piracy."

Mr Saville, for the Association, argued, first, that the casualty was not caused by piracy, because it occurred within the territorial waters of Bangladesh.

There was compelling authority for the view that in public international law piracy could occur only outside the jurisdiction of any state. Article 19 of the Geneva Convention on the High Seas (1958) stated: "On the high seas, or in any other place outside the jurisdiction of any State, every State may seize a pirate ship . . . and arrest the persons . . . on board."

When robbery with violence was committed within the jurisdiction of a state, it was not *thought necessary to give* "every State" the right to seize, prosecute and punish the offender. It was by no means self-evident that similar considerations pointed to the same definition of piracy for domestic purposes, and in particular, for a contract of insurance.

A shipowner whose property was taken by robbers was not much concerned whether the event took place in or outside territorial waters. Nor would the precise location be of much concern to insurers, save to the extent that robbery was more likely on board a ship in port or estuary than it was 12 miles out or more.

*

In *Republic of Bolivia v Indemnity Mutual Marine Assurance Co Ltd [1909] 1 KB 785* Lord Justice Kennedy was disposed to accept that, in general, piracy was robbery "at sea"; and in the opinion of Lord Justice Vaughan Williams, it was a "maritime offence."

There was no reason to limit piracy to acts outside territorial waters in the context of an insurance policy. If a ship was "at sea" in the ordinary meaning of the phrase, or if the attack upon her could be described as a "maritime offence," then for insurance purposes she was in a place where piracy could be committed.

Mr Saville's second argument was that force or threat of force was an essential element of piracy, and that in the present case none had occurred so as to cause the loss.

The general tenor of the authorities was that theft without force or a threat of force, could not be piracy. *Carver's Carriage by Sea (12th ed para 183)* defined piracy as "forcible robbery at sea." That was approved in the *Republic of Bolivia* case. In *Shell Petroleum Co Ltd v Gibbs [1982] 2 WLR 745* Lord Denning said at page 774: "There were no 'pirates' here because there was no forcible robbery."

Theft without force or a threat of force was not piracy under a policy of marine insurance.

It could be inferred that the armed men who came on board the Andreos Lemos intended, and expected, to steal without violence. They anticipated the possibility of some resistance, and intended to use force or threat of force if that materialised. It was doubtful that they expected to be able to defeat the master and crew if it came to a pitched battle.

The theft was complete before they were discovered, or at any rate before any force or threat of force was used. The case was one of clandestine theft which was discovered. Force or threat of force was used by the men to make good their escape, but by that time the act of appropriation had finished. There was no loss by piracy.

That conclusion accorded with the commercial sense of the matter. The Association, by the word "piracy," insured loss caused to shipowners because their employees were overpowered by force, or terrified into submission. It did not insure loss when thieves stole clandestinely. The very notion of piracy was inconsistent with clandestine theft.

*

It was not necessary that the thieves must raise the pirate flag and fire a shot across the victim's bows before they could be called pirates; but piracy was not committed by stealth.

The Association rules also provided that the vessel was insured against "riots." The casualty was not a "riot" in its current and popular meaning. However, in a marine insurance policy the word was a term of art and must be interpreted in accordance with its original meaning.

In *Field v Receiver of Metropolitan Police [1907] 2 KB 853* it was defined, at page 860, as including the element of "force or violence . . . displayed in such a manner as to alarm at least one person of reasonable firmness and courage."

A riot did occur in the present case, but it was not complete till after the loss. Clandestine thieves, who used or threatened violence in order to escape after the theft, did not give rise to a loss by riots any more than a loss by piracy.

Judgment for the Association.

For the owners: Anthony Hallgarten QC and Elizabeth Birch (Clyde and Co.).

For the Association: Mark Saville QC and Sarah Miller (Richards, Butler and Co.).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

THERE is no older race in the calendar of this or any other country, as far as I know, than the Carlisle Bell. The Tennent Caledonian Brewery must be well satisfied to be now sponsoring the mile event.

The handicap—for which the famous bell was presented by Lady Dacre in the reign of Queen Elizabeth I—has attracted a field of 16. Although the line-up cannot be described as distinguished, the race looks wide open and each-way value may well be had from one or two runners.

The best each-way bet is Middlin Thrang, despite lack of a recent outing. Miss Sally Hall's four-year-old has dropped to an attractive weight in the handicap, following two disappointing displays at the close of his 1981 campaign, and would not be running today were his astute handler not confident that he is ready to do himself justice.

Of the remainder, in one of the Carlisle Bell's biggest fields for many years, a favourable word must be said for Kithairon. At 11 years of age, it is by far the oldest member of the field. At Hamilton in April, the brown Klairon horse showed that it is no back number by putting three lengths between itself and Melody Moon in extremely testing conditions. Further rain would clearly help its cause.

A second possible winner for Middlin Thrang's team of Sally Hall and Mark Birch is the lightly raced All Seasons in the Castle Maiden Fillies Stakes. At Catterick this month, on only the second appearance of its career, All Seasons, a bay offspring of Silly Season, kept on in determined style to finish second behind Pretty Picture in a race in which the third, Shoe-button, was three lengths further back.

Pretty Picture is also back in action today, having been declared for the Yarmouth Martham Stakes. I shall be surprised if it can cope with Prince Santiago at a difference of only 6 lbs.

CARLISLE
2.30—Schola
3.30—Middlin Thrang
4.00—Target Path
4.30—All Seasons
5.00—Crewebronze

YARMOUTH
2.15—Saleaf**
3.15—Miss Trilli
4.15—Prince Santiago*
4.45—Childown***

TELEVISION

Tonight's Choice

Two contrasting highlights tonight—**The Kenny Everett Television Show on BBC 1 and Karl Marx in London on BBC 2.** On second thoughts they both share a revolutionary attitude towards Establishments. The Eeverett is a compilation of the best bits from his recent series, which as well as being often very funny and very innovative showed none of the reverence for traditional BBC attitudes which a man whose livelihood has waxed and waned depending on his battles with the Corporation might be expected to have developed. He remains his own man and although sometimes shocking for the sake of it deserves his current success.

The more Marx becomes discredited as a philosopher the stronger seems his influence. Asa Briggs is the guide for a tour round Marx's London: he spent 34 years there, progressing from Soho poverty to Kentish Town prosperity.

ITV is mounting heavy competition with the first episode of **Something in Disguise** which Elizabeth Jane Howard has adapted from her own novel. On the basis of reading the first chapter this is a witty and perceptive family saga and with the author transfering it to the screen its strengths should be maintained. Richard Vernon, Ursula Howells, David Gwillim, and (most of all) Elizabeth Garvie star.

ANTONY THORNCROFT

BBC 1

6.40-7.55 am Open University. **10.55** Cricket. **1.20** pm News. **1.37** Regional News for England (except London). **1.40** Over the Moon. **1.55** Wimbledon '82: The Men's Singles Quarter-finals. **4.18** Regional News for England (except London). **4.20** Play School. **4.45** Joey and Redhawk. **5.05** Newsround. **5.10** Wildtrack.
5.40 Evening News.
6.00 Regional News Magazines.
6.17 Nationwide.
6.35 Wimbledon '82: Highlights of today's play.
7.30 Great Movie Stunts—Raiders Of The Lost Ark: A behind-the-scenes look at how the film stunts were accomplished.
8.20 The Kenny Everett Television Show: A compilation of the best moments from his recent television show.
9.00 News.
9.25 Chicago Story: This week "Bad Blood," the shooting of a young patrolman.
10.35 World Cup Report: The BBC team look forward to the remaining games.
11.03 News Headlines.
11.05 George Burns in Nashville ? ? ? with guests Loretta Lynn, Larry Gatlin and the Gatlin Brothers.
11.35-12.00 Weatherman.

BBC 2

10.05 am Gharbar.
10.30 Play School.
11.55 Wimbledon/Cricket.
12.30 pm Open University.
1.20 Cricket and Wimbledon '82—Cricket: The Benson and Hedges Cup, coverage of one of today's semi-finals; Tennis: The Men's Singles quarter-finals.
8.10 News Summary.
8.15 The Man Alive Debate.
9.00 Butterflies.
9.30 Karl Marx in London.
10.00 Wimbledon '82: Match of the Day.
10.50 Newsnight.
11.35-12.10 am Cricket: The Benson and Hedges Cup: highlights.

LONDON

9.30 am World Famous Fairy Tales. **9.45** Patterns. **10.15** The Moscow School of Ballet. **11.10** Struggle Beneath the Sea. **11.35** The Greatest Thinkers: Freud. **12.00** We'll Tell You a Story. **12.10** pm Rainbow. **12.30** The Communicators. **1.00** News. **1.20** Thames News. **1.30** Look Who's Talking. **2.00** After Noon Plus Revisited. **2.45** The Six Million Dollar Man. **3.45** Three Little Words. **4.15** Speedy and Daffy. **4.20** Storybook International. **4.45** Andy Robson. **5.15** Around London.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Where There's Life.
7.30 Coronation Street.
8.00 The Best of British: Benny Hill Show.
9.00 Something in Disguise: Richard Vernon, Ursula Howells with David Gwillim and Elizabeth Garvie in "Flight."
10.00 News followed by Thames News Headlines.
10.30 Janet and Company, starring Janet Brown.
11.00 World Cup '82 Preview.
11.40 Kaz: Ron Leibman in "A Fool For a Client".
12.35 am Sit Up and Listen with Tim Beaumont.

Because of the World Cup coverage programmes may be subject to alteration.
÷ Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA
6.00 pm About Anglia at the Royal Norfolk Show. **10.00** News followed by Anglia Late News. **11.40** The Jazz Series. **12.10** A Personal View.

BORDER
9.35 am Bubbles. **9.40** The Gifts of Earth. **10.05** Tarzan. **10.45** Our Natural Environment. **11.00** Sesame Street. *1.20 pm Border News.* **2.45** Charlie's Angels. **5.15** Survival. **6.00** Lookaround Wednesday. **10.00** News. Border Weather. **11.40** Border News Summary.

CENTRAL
9.50 am The Last Days of Living. **10.45** The Crazy Gang In. **1.20** pm Central News. **2.45** The Body Human. **5.15** Diff'rent Strokes. **6.25** Central News. **10.00** News followed by Central News Headlines. **11.40** Replay: Crisis—One Step Down, stars Ida Lupino.

CHANNEL
1.20 pm Channel Lunchtime News, What's On Where, and Weather. **1.30** Look Who's Talking. **2.45** The Last of Summer. **6.00** Channel Report. **10.28** Channel Late News and Weather. **11.40** The Monte Carlo Show. **12.35** News and Weather in French followed by Epilogue.

GRAMPIAN
9.30 am First Thing. **9.35** Sesame Street. **10.35** Call It Macaroni. **11.00** Thunderbirds: "Operation Crash Dive." **11.50** Larry the Lamb. **1.20** pm North News. **2.45** Trapper John. **5.15** Mr Merlin. **6.00** North Tonight and Area Weather. *10.00 News at Ten followed* by Reflections. **11.40** Seachd Laithean. **12.10** am North Headlines and Area Weather Forecast.

GRANADA
9.30 am Bubbles. **9.40** The Gift of Earth: Fiji. **10.00** Tarzan. **11.00** Sesame Street. **1.20** pm Granada Reports. **2.00** Back to Square One. **2.30** Putting On The Style. **2.45** Play It Again. **3.15** Arthur C. Clarke's Mysterious World. **6.00** This Is Your Right. **6.30** Granada Reports. **11.40** Dear Detective.

HTV
9.40 am Beachcombers. **10.05** Mr Magoo. **10.10** Where Did the Colorado Go? **11.00** Sesame Street. **1.20** pm HTV News. **2.45** The Dance Goes On. **4.15** Ask Oscar. **4.45** Andy Robson. **5.15** Stingray. **6.00** HTV News. **10.28** HTV News. **11.40** Ladies' Man.
HTV Cymru/Wales—As HTV West except: **12.00-12.10** pm Ty Bach Twt. **4.15** Here's Boomer. **4.45** Llygad Barcud. **6.00** Y Dydd. **6.15** Report Wales.

SCOTTISH
10.00 am *Wilderness Alive* **10.50** The Amazing Years of Cinema. **11.15** Patterns. **11.40** New Glass. **1.20** pm Scottish News. **1.30** Halas and Bachelor Cartoon. **1.40** Feature Film: "Romeo and Juliet." **5.10** Traveller's Tales. **6.00** Scotland Today followed by Action Line. **6.30** What's Your Problem? **10.00** News and Scottish News Headlines. **11.40** Seachd Laithean. **12.10** am Late Call.

TVS
10.00 pm News at Ten followed by TVS News. **11.40** Jazz and Blues: Spyro Gyra. **12.15** am Company.

TYNE TEES
9.20 am The Good Word. **9.25** North-East News. **9.30** The History Makers. **9.55** European Folk Tales. **10.10** Cities: "Mai Zetterling's Stockholm." **11.00** Survival. **11.25** Stingray. **1.20** pm North-East News. **1.25** Where the Jobs Are. **2.45** The Love Boat. **5.15** Private Benjamin. **6.00** North-East News. **6.25** Northern Life. **10.30** North-East News. **10.32** Briefing. **12.10** am Yes to God: "When?"

ULSTER
1.20 pm Lunchtime. **2.45** Young Ramsay: "A Fair Cow." **4.13** Ulster News. **5.15** Gambit. **6.00** Good Evening Ulster. **10.29** Ulster Weather. † **11.40** News at Bedtime.

YORKSHIRE
9.30 am Sesame Street. **10.30** East of England Heritage Route. **10.55** Paint Along With Nancy. **11.20** Herculoids. **11.40** This is Your Museum Speaking. **11.55** The Undersea Adventures of Captain Nemo. **1.20** pm Calendar News. **2.45** Charlie's Angels. **5.15** Private Benjamin. **6.00** Calendar. **11.40** Late Night Drama: "Thieves."

RADIO

(S) Stereo broadcast (when broadcast on VHF)

RADIO 1
5.00 am As Radio 2. **7.00** Mike Read. **9.00** Simon Bates. **11.30** Dave Lee Travis including **12.30** pm Newsbeat. **2.00** Paul Burnett. **4.30** Peter Powell including **5.30** Newsbeat **7.00** Radio 1 Mailbag. **8.00** David Jensen. **10.00** John Peel (S).

RADIO 2
5.00 am Ray Moore (S). **7.30** Terry Wogan (S). **10.00** Jimmy Young (S). **12.00** Wimbledon '82. **7.00** John Dunn (S) including **7.30** Cricket Desk. **8.00** Alan Dell. **8.30** Among Your Souvenirs (S). **9.15** Frank Chacksfield (S). **9.50** Sports Desk. **10.00** Tom Mennard. **10.15** The Wurzels. **10.30** Hubert Gregg. **11.00** Brian Matthew. **1.00** am Encore (S). **2.00-5.00** You and the Night and the Music (S).

RADIO 3
6.55 am Weather. **7.00** News. **7.05** Your Midweek Choice (S). **8.00** News. **8.05** Your Midweek Choice. **9.00** News. **9.05** This Week's Composer (S). **10.00** Allegri String Quartet (S). **10.50** Scarlatti (S). **11.20** BBC Welsh Symphony Orchestra (S). **1.00** pm News. **1.05** Concert Hall (S). **2.00** Music Weekly (S). **2.50** Sallinen and Bartok (S). **4.00** Choral Evensong (S). **4.55** News. **5.00** Mainly For Pleasure (S). **6.30** Edmund Rubbra (S). **7.00** The Black Monk. **7.15** Vienna Philharmonic Orchestra (S). **8.00** Six Continents. **8.20** Vienna Philharmonic Orchestra (S). **9.10** A Century of Poetry. **9.35** Simpson and Beethoven (S). **10.40** Roofs. **11.00** Suk (S). **11.15-11.18** News.

RADIO 4
6.00 am News Briefing. **6.10** Farming Today. **6.25** Shipping Forecast. **6.30** Today, including **6.45** Prayer for the Day; **7.00, 8.00** Today's News, **7.30, 8.30** News Headlines; **7.45** Thought for the Day. **8.33** Yesterday in Parliament. **8.57** Weather; Travel. **9.00** News. **9.05** Midweek: Henry Kelly (S). **10.00** News. **10.02** Gardeners' Question Time. **10.30** Daily Service. **10.45** Morning Story. **11.00** News; Travel. **11.03** Baker's Dozen (S). **12.00** News **12.02** pm You and Yours. **12.27** Maximum Credible Accident (S). **12.55** Weather; Travel; Programme news. **1.00** The World at One: News. **1.40** The Archers. **1.55** Shipping Forecast. **2.00** News. **2.02** Woman's Hour. **3.00** News. **3.02** Afternoon Theatre. **3.47** Time For Verse. **4.00** News. **4.02** Aspects of India. **4.10** File on 4. **4.40** Story Time. **5.00** PM: News magazine. **5.50** Shipping Forecast. **5.55** Weather; Programme news. **6.00** News, including Financial Report. **6.30** My Music: quiz (S) **7.00** News. **7.05** The Archers. **7.20** Radio 4 Affcal. **7.45** Animal Language (S). **8.15** Antony Hopkins (S). **8.45** Vivat Rambert. **9.30** Kaleidoscope. **9.59** Weather. **10.00** The World Tonight: News. **10.30** Men of Property (S). **11.00** A Book at Bedtime. **11.15** The Financial World Tonight. **11.30** Today in Parliament. **12.00** News; Weather. **12.15-12.23** am Shipping Forecast; Inshore Waters Forecast.

APPOINTMENTS

Chief general manager for Clydesdale Bank

Mr Richard Cole-Hamilton

Mr Richard Cole-Hamilton has been appointed chief general manager of the CLYDESDALE BANK. He succeeds Mr Alexander R. Macmillan who retires on June 30 although he remains a director of the Bank. Mr Cole-Hamilton has been deputy chief general manager since February. Mr Robert A. Laurenson, presently a general manager, will succeed Mr Cole-Hamilton as deputy chief executive. Mr Henry Aitken, the Bank's secretary since 1968, becomes general manager (administration) and Mr William C. Harvey, presently staff controller, becomes deputy general manager (administration).

*

SAMUEL MONTAGU AND CO. has appointed Mr Clive Chalk, Mr Amir Ellon, Mr Nicholas Johnson and Mr Bernard Jolles as directors from July 1: they are all assistant directors.

Drayton Montagu Portfolio Management investment division of Samuel Montagu and Co has appointed Mr Christopher Mills, Mr Richard Plummer and Mr Mitchel Shivers (U.S.) to the board. Mr Bengt Ahren (Swedish) of Carnegie Montagu, Stockholm has also been appointed a director.

*

Mr Kevin McBrien is leaving London and Manchester Assurance and will be joining NATIONAL PROVIDENT INSTITUTION as a director and deputy general manager on September 1.

*

Mr T. J. Hunt, legal co-ordinator of ULTRAMAR, has in addition been appointed secretary from July 1. Russell Limebeer, chartered accountants, have relinquished their position as secretaries but will continue to provide professional services to the company.

MPA Employee Benefit and Compensation Consultants has appointed Mr Giles Archibald, based in the London Office, and Mr Mike Johns, based in Johannesburg, to the board of METROPOLITAN PENSIONS ASSOCIATION (INTERNATIONAL) from July 1.

*

Sir John Spencer Wills, as previously announced, will retire from the chairmanship and from the Board of the BET Company from today. Mr Hugh Dundas, at present deputy chairman and managing director, becomes executive chairman. Mr Nicholas Wills succeeds Mr Dundas as managing director.

*

Mr Peter Sharman, chief general manager and a director of the Norwich Union Insurance Group, has been elected chairman of the BRITISH INSURANCE ASSOCIATION. Mr John Howard, chief general manager and a director of Royal Insurance, was re-elected a deputy chairman. Mr Ron Bishop, chief general manager and a director of Phoenix Assurance, was elected a deputy chairman.

*

Mr Helmut Fest has been appointed A and R and marketing director, EMI MUSIC EUROPE AND INTERNATIONAL from October 1. He was vice-president international, Capitol Records in Los Angeles and will be based in EMI Music's London offices.

*

Mr Paul Douglas Nicholson has been appointed a director of the northern regional board of LLOYDS BANK which sits at Newcastle upon Tyne. He is chairman and managing director of Vaux Breweries, chairman of the northern regional board of the National Enterprise Board and a director of Tyne Tees Television. He joins the bank board on July 1.

*

Mr Paul Rossall has been appointed financial director of DREWERY AND EDWARDS and BARRALAN-LEICESTER, both of Nottingham, and subsidiaries of Reliance Knitwear Group, Halifax.

*

Mr Michael Earle has been appointed managing director of BRITISH AND GENERAL TUBE from June 29. For the past six and a half years he has been sales director of the company.

*

Mr George Cathles has been apointed an assistant general manager of NATIONAL WESTMINSTER BANK'S international banking division from October 1. Mr Cathles is regional general manager, UK, international division, and he succeeds Mr Terry Green who has been appointed deputy general manager, international division.

*

Mr F. W. Brooks, chairman of Jones and Shipman, has been elected chairman of Council of the PRODUCTION ENGINEERING RESEARCH ASSOCIATION (PERA).

Mr Frederick Bonner and Mr Sebastian de Ferranti have been appointed non-executive directors of BRITISH AIRWAYS HELICOPTERS. Mr Bonner is the deputy chairman of the Central Electricity Generating Board. Mr de Ferranti was chairman of Ferranti from 1963-1982 and is a director of GEC.

*

Mr David K. Snedden is to be managing director and chief executive of the LIVERPOOL DAILY POST AND ECHO from October 1. Mr Snedden, who joins the board from Thomson Regional Newspapers, where he was joint managing director, succeeds Mr Ian Park, whose appointment as managing director of Northcliffe Newspapers was announced recently.

*

Sir Henry Chilver, vice chancellor of Cranfield Institute of Technology, has succeeded Sir Monty Finniston as president of the INSTITUTE OF MANAGEMENT SERVICES. Sir Henry, a former Post Office chairman, is chairman of the Government's advisory council for applied research and development. He also chairs the electronics development committee of the National Economic Development Office.

*

The Earl of Inchcape will relinquish his appointment as executive chairman of INCHCAPE at the end of 1982, when he will have reached the age of 65, but will remain on the board as a non-executive director. Sir David Orr, until recently chairman of Unilever, will join the Inchcape board on September 1, and will succeed Lord Inchcape as executive chairman on January 1, 1983.

*

Mr Neil J. Padden has been appointed marketing director of KONE MARRYAT SCOTT, manufacturer of lifts and escalators. He was previously sales manager for RHP Bearings.

*

The Trustees of the King George VI and Queen Elizabeth Foundation of St Catharine's, CUMBERLAND LODGE, have appointed Lord Vaizey as principal from September 1, on the retirement of Mr Walter James.

*

Mr George Sulzer, Mr M. W. Zublin and Mr G. W. Heslett have retired from the board of SULZER BROS. (UK). Mr P. Borgeaud and Mr Peter G. Sulzer have ben elected to the board.

*

New chairman of MANCHESTER INTERNATIONAL AIRPORT AUTHORITY is City of Manchester Councillor Mr Kenneth Franklin. He previously held the position between June 1980 and June 1981.

*

Dr J. E. Henderson is leaving British Aerospace to become managing director of MASTIFF ELECTRONIC SYSTEMS from September 1. Dr Henderson is chairman of The Air League.

*

Mr David J. Carter-Johnson has been appointed assistant managing director of ADAMS CHILDRENSWEAR.

*

TUKE AND BELL has appointed Mr Kenneth Sanderson as managing director. Mr T. Raymond Robson remains as chairman.

*

Mr Roger Nicholson, managing director of Thomson Business Magazines, has been appointed commercial director of THOMSOM REGIONAL NEWSPAPERS. Mr Malcolm Gill, at present managing director of Thomson Consumer Magazines, will replace Mr Nicholson as managing director, Thomson Business Magazines. Mr Michael Bird, assistant managing director of Thomson Magazines, is appointed managing director of Thomson Consumer Magazines. Mr Andrew Shanks, planning manager, is appointed marketing director of Thomson Magazines. He joins the board of Thomson Magazines. These appointments are from July 1.

*

Mr Leendert de Jong, managing director of FAFNIR UK, has relinquished this post from July 1. He will continue as chairman of the UK company and director of European operations. The firm's new managing director is Mr John R. Wall. The position of manufacturing director, vacated by Mr Wall, will be taken by Mr Michael Upward, who is currently general factory manager. Fafnir is a division of the Textron group.

*

Mr John Scott North has been appointed marketing director, DISTA PRODUCTS — a subsidiary of Lilly Industries.

*

Sir Ronald Ellis has been appointed president and managing director of the newly-formed industrial division of the International Group of ALLEGHENY INTERNATIONAL INC, the U.S. high technology and consumer company. Sir Ronald, who joined the Wilkinson Sword Group, a wholly-owned subsidiary of Allegheny International in October 1981 as director of corporate development, was formerly head of defence sales for the British Government.

*

Mr Peter Marshall, who first joined FORMICA in its R and D department at Tynemouth 26 years ago, has returned to Tyneside as deputy managing director. For the past four years he has been director of manufacturing with another company of the American Cyanamid Group, Cyanamid of Great Britain (CGBL), based at Gosport. He succeeds Mr Jack Chandler, who has joined CGBL as deputy managing director.

*

SECURITY CENTRES HOLDINGS has made the following changes: Mr Brian O'Connor is appointed chairman; Mr Tom Forrest managing director and Mr Jonathan Aitken a non-executive director. Mr Stewart Jamieson has resigned as chairman and as a director. Sir Hugh Fraser has resigned as deputy chairman and as a director, but will remain a consultant.

No1 SAVILE ROW W1 SALE

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DRAMATIC REDUCTIONS!

CHESTER BARRIE, D'AVENZA and selected suit ranges in sizes up to 48" chest. ALSO SUBSTANTIAL REDUCTIONS on blazers, sports jackets, trousers, shirts, pyjamas, knitwear, ties and shoes

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In June 1982

Deutsche Bank Aktiengesellschaft

هكذا من الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A lifetime oiling the wheels

Brian Groom reports on the maverick style of Mobil's personnel director

Trevor Humphries

Eddy Allsop: "One day we were working an average 57 hours a week; 24 hours later we were doing the same work in 42 hours".

WHEN EDDY ALLSOP, personnel director of Mobil Oil's UK refining and marketing company, was awarded the OBE in this month's Birthday Honours, union officials and shop stewards were among the first to ring with their congratulations.

That was a fitting tribute. Not only has 64-year-old Allsop been behind some of the oil industry's most innovative industrial relations ventures in his 30 years at Mobil, he has also allowed the workers' own expertise to play a key role in decision making.

"People who do a job often know it better than their managers," Allsop says. Employee contributions to some Mobil projects have been so effective as to reveal management weaknesses, and have led to reshuffles.

Mobil workers respect the company's independence. Three years ago, at Allsop's instigation, Mobil broke from the oil companies' common November wage settlement date for tanker drivers, and moved to May, where it felt freer not only from oil industry pressures, but from the problems of being caught up in the start of the general industrial pay round.

Mobil braved the virtual ostracisation of its managers by the rest of the oil industry for breaking the employers' common front and establishing wage levels which other companies come under pressure to meet. "We were drummed out of the Brownies," Allsop says.

Perversely, the achievement which has precipitated Allsop's award involved something of a high-handed departure from his carefully consultative norm. Last August he was made co-ordinating director—or trouble-shooter—for the £240m fluid catalytic cracking project at Mobil's Coryton refinery in Essex, which was already nearly two years behind schedule and over-budget and—was unlikely to be finished before November 1982.

Like the notorious Isle of Grain power station two years ago. Coryton was suffering problems of low productivity among insulation engineers, or laggers. There were many stoppages as the workers sought to match high wages conceded on other construction sites at critical stages.

Allsop ordered an immediate investigation—to be completed *within 48 hours. His solution* was to cut the work allocated to the sole lagging contractor, Modern Insulation, and introducs competition by bringing in two extra contractors.

"It was dangerous. There could have been all kinds of reactions," Allsop says. But agreement was reached with the General and Municipal Workers Union, performance improved, disputes ended, and the whole of the complex will be operational by mid-July.

Allsop joined Mobil in 1951 when—as the then Vacuum Oil Company—it was building its first UK oil refinery at Coryton and moving into the fuels business. He had worked as a labour-relations officer for Lobitos oilfields at Stanlow, near his native Ellesmere Port, and at one time was himself a union shop steward.

As senior staff assistant in his new company's employee relations department, one of Allsop's first tasks was to staff Coryton. He helped establish a simple four-grade structure for operating staff, at a time when up to 26 job categories applied in UK refineries.

Acceptance of the new philosophy was eased by recruiting workers from other companies into higher grades and on improved pay. The benefit was flexibility between grades and a reduction in grading disputes. Competitors have since simplified their own structures.

For several years Allsop took part in national negotiations for oil distribution workers. This was "an unrewarding experience," he says, because industry-wide negotiations buried individual companies' ability to take initiatives on pay terms and conditions, so in 1965 Mobil and Esso pulled out.

Mobil wanted to cut out wasted time in an industry where drivers worked an average of 57 hours a week. "They were sitting in Jack's Caff while expensive equipment was sitting on its fanny," says Allsop.

A revolutionary deal in 1966 put Mobil drivers on salaries (*albeit calculated on an hourly* basis) with a 40- to 44-hour week, sharply higher basic earnings, no overtime, and time off in lieu of any excess hours.

Allsop, then employee relations manager, says: "One day we were working an average 57 hours a week. Twenty-four hours later we were doing the same work in 42 hours."

Workers at the various depots joined with managers to work out ways of doing it, and ignored any self-interested urge to ensure they received the maximum 44 hours' pay. The workforce played a key role in a similar agreement already reached at the Coryton refinery.

Allsop became general manager of marketing operations in 1968, and there followed a productivity deal on the distribution side which made shift hours more flexible. Again, workers played a major part in drawing up plans.

But in 1970 there was a setback. Overtime was reintroduced in response to pressure *from the workforce*, created by high earnings opportunities elsewhere in the industry. Weekly hours gradually crept up to about 48, which clearly went against the philosophy of keeping the working week within 44 hours.

However, the experience of the 1966 deal created a discipline which enabled Mobil to resist pressure to allow very high overtime levels, and it was able to use the overtime to reduce the use of expensive contract labour.

During the next 10 years productivity improved only slowly at many oil companies, and two years ago Mobil was first in the field with a new batch of productivity agreements for oil company distribution workers. Others followed suit.

Allsop became personnel director in 1979, and was not directly involved in the new deal—but it embodied the philosophies he has pursued, including the close involvement of the workforce in drawing up the new working methods.

Allsop has friends in competitor companies, and is shy of claiming advantage for Mobil. But, he says: "I think it is acknowledged we have been in the van for some time."

He must retire next April when he reaches 65, but he has just become secretary of the Institute of Petroleum, and will probably retain an office at Mobil. His influence will continue to be felt.

U.S. face of corporate generosity

AMERICAN COMPANIES are giving away more money than ever before—to charities.

In 1980, the figure was a staggering \$2.7bn and is rising, thanks to recent federal legislation which has increased the allowable limit for charitable contributions from 5 per cent to 10 per cent of taxable income.

This figure, a 10 per cent increase over the previous year, is equal to 1.1 per cent of pre-tax profits of donor companies, the highest level for 11 years. Over the past two decades, the percentage has only been higher twice.

This is revealed in the latest annual study of charitable contributions* by all U.S. corporations, compiled by the Conference Board, an independent, non-profit-making research organisation. The source of the information is the U.S. Department of Commerce and the Internal Revenue Service.

In general, U.S. business is far more generous towards charities than companies elsewhere in the world. The reasons for this are basically tax related but U.S. corporations have also in recent years developed a strong social conscience. The study suggests that 1980 may well be viewed as a landmark year for "corporate voluntarism" as it calls the phenomenon. It could be used as a benchmark, it says, to measure the extent to which private and corporate philanthropy will replace diminishing federal support for a variety of social, educational and community services.

Philosophy

James Mills, the board's president, recalls that recent spending cuts represent an un*precedented 180-degree turn in* the philosophy of federal support for many non-profit agencies and services.

"Nearly all students of the subject agree that the private sector cannot make up these funds dollar for dollar," he says. "Nonetheless, the private sector will be called on to provide leadership and imagination in developing innovative ways in which to bridge these financial gaps. It will almost certainly be asked to set new and higher contributions."

The study found that relatively small numbers of companies continue to account for a majority of all corporate philanthropy; about 440 companies accounted for half of all contributions.

The top (unidentified) corporate donor gave \$38.2m in 1980. The median contribution of the top 50 donors was \$7.3m.

The study found that education, health and welfare causes received the *lion's share of all* corporate donations—72 per cent. Around 12 per cent went to civic and community projects, 11 per cent to culture and the arts and the remainder on religious activities, women's causes and overseas aid.

* *Annual survey of Corporate Contributions, 1982 Edition, Report no. 822. Available from The Conference Board, 845 Third Ave., New York, NY 10022. Price \$5 associates, \$15 non-associates.*

Arnold Kransdorff

Business courses

Seventh Annual Programme on Marketing of Financial Services, Cranfield. July 18-23. Fee: £720. Details from Cranfield School of Management, Cranfield, Bedford, MK43 0AL.

Creative Advertising Workshop, Bradford, July 11-16. Fee: £380. Details from Management Development Programmes, University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU.

International Seminar on Accounting and Control, Geneva. August 16-27. Fee: SwFr 6,000. Details from the International Management Institute (formerly Centre d'Etudes Industrielles), 4 chemin de Conches, CH-1231 Conches-Geneva, Switzerland.

Sales Management — Team Leadership, Bromley, Kent. July 25-30. Fee: £550. Details from Sundridge Park Management Centre, Bromley, Kent BR1 3TP.

Microprocessor Principles, Cleveland. July 26-August 6. Fee: £460 (plus VAT). Details from Roxby Training Centre, Roxby Engineering International, Lagonda Road, Billingham, Cleveland, TS23 4JA.

The fundamentals of finance and accounting for non-financial managers, Brussels. August 23-27. Fee: BFr 48,500 members, BFr 2,800 non-members of the International Management Association. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

BOARDROOM BALLADS

ORIENT EXPRESS

As producers of polythene plastic,
Our demand was a mite inelastic;
For our business to miss
The impending abyss,
Required something a little more drastic.

★

So we thought of a foreign adventure,
On the strength of our final debenture,
To export expertise
To the far Japanese
In a joint Anglo-Nipponese venture.

★

Though their people were truly delightful,
Their devotion to duty was frightful;
For the talks over-ran,
In a room in Japan,
Two consecutive days and a nightful.

★

At the end of the talks we conceded,
They knew more about plastics than we did;
So we flew back again
With a bank full of yen,
In return for our plant which they needed.

And we now, every Tom, Dick and Harry,
Are a Japanese subsidiary;
But it's clear that the plan
We reversed in Japan,
Has prevented our mass hari-kari.

★

And we've found our new owners so far so
Polite, with their bows and their "ah-so,"
With the singular quirk
That they're gluttons for work
When required to reveal that they are so.

★

Yet it does seem a little ironic,
The employees we thought so moronic,
Seem to think that the Japs
Are just bloody fine chaps,
And the rate of production's a tonic!

★

The sight of our board exercising,
Was beyond any human devising;
But our spirits and verve
Grow in line with the curve
Of our profits and revenues rising!

Bertie Ramsbottom

Next week: Invisible earnings

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Collection of rent arrears

I am having difficulties collecting rent and rates from a tenant to whom I am renting a registered rent flat. As a result of the rent and rate arrears by this tenant I have been taken to court several times by the council for rate arrears. Is it possible for me to be relieved of the responsibility to collect the rates and have them collected by the council instead.

If the rent that is registered is inclusive you cannot vary the obligation without applying to the Rent Officer for a fresh registration as an exclusive rent. If the rent is exclusive it *is up to the tenant to pay his* rates direct to the local authority, and you need not collect them.

Copyright of translation

We shall be grateful for your opinion on a matter concerning the translation (not copying) of computer software. A writes an original program which is specifically designed for, and capable of running only on, a particular make and model of computer. B translates the program into a form suitable for a different computer (a major undertaking, analogous, say, to the translation of a book from one language to another). Does B's version enjoy copyright protection in its own right (i.e. for B's benefit) or does it constitute an infringement of A's copyright, or neither?

We think that the position would be akin to that which applies to ordinary translation, namely that there would be an infringement of copyright if the author's (programmer's) licence is not obtained. If the translation is authorised both the original author and the translator will have copyrights, the one in the original work and any translation of it, and the other in the translation which was made by him.

Regulated tenancy

I own an old city centre property at the rear of which is a large four-car garage. The dwelling is let on a regulated tenancy. The garage is let to a different tenant who uses it as a workshop. He has occupied it for four years on a tenancy terminable on six months' notice. He would now like a five-year lease. When the dwelling becomes vacant I may wish to sell the whole property, but do not expect this to be in less than five years' time. If I grant a five-year lease to the garage tenant, who carries on his business there, will I be able to obtain possession in five years' time if I wish to sell the whole property at that time, or will he have security of tenure as a business tenant entitled to renew his lease? Will the situation be any different if I continue with the present arrangement terminable on six months' notice?

The tenant will have security of tenure under Part II of the Landlord and Tenant Act 1954 at the end of the five-year term, but he already has that security under the periodic tenancy which now exists. Thus whether you give notice to terminate now or at the end of a new five-year term the tenant can apply for a new tenancy unless you establish one of the statutory grounds for opposition.

Transfer of shares

I am seeking advice re the possibility of advertising to buy small quantities of preference shares in various companies. There are many smallholders who are unable or unwilling to sell owing to the high cost involved in small numbers. My ideas are: (1) To advertise that I would buy small quantities slightly below market price. Seller to pay no commission. (2) To arrange the transfers, and have them stamped after signature and submit to company concerned. Am I allowed to do this by law?

You risk being in breach of the Prevention of Fraud (Investment) Act 1958 and also possibly of the Consumer Credit Act 1974; and you would therefore be wise to consult a solicitor.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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THE ARTS

Stratford Ontario

B. A. Young

Shakespeare —and G & S— in Canada

The rain that had enveloped Ontario for days lifted for the opening of the 30th Stratford Festival under its new artistic director, John Hirsch, and made it possible to hold the inauguration ceremony outside on the grass. Various authorities announced donations and subsidies totalling $618,000. Last year's festival ended $1,000,000 in the red.

Then a swarm of balloons rose from the theatre's roof. Some extra-big ones carried messages boosting the Festival. Most of these sank to the ground almost at once.

Indoors, the proceedings opened with *Julius Ceasar* (sponsored by IBM). The big attraction in Derek Goldby's production should have been Len Cariou's Brutus; but this turned out less than imposing. It began well with a becoming diffidence opposite Nicholas Pennell's dapper, enthusiastic Cassius, but when the emotions began to show, they were less the emotions of a statesman than of a heavyweight boxer. At the end of the quarrel scene, he hurled Cassius to the ground, which made him cry.

A performance as Antony by R. H. Thomson, an actor new to me, lifted the playing nearer the level I have been used to at Stratford. Well spoken (in Canadian), this was a mosaic of credible feeling. The speech over Caesar's body was a fine crescendo of deceit, from the smooth mock-courtesy Brutus would have approved to a storm of indignation that set the crowd aflame.

Not that any fool couldn't have set this crowd aflame. They enter at the first scene hopping like rabbits, whirling like dervishes, some apparently jumping into the Tiber as they welcome Caesar's return. Their only mood is hysteria; Heaven knows what made Marullus think of blocks and stones. The crowd is one of the play's most important characters, and if you can't believe in them, it doesn't matter what they do.

Caesar himself (Jack Medley) was in hospital, having been stabbed not wisely but too well at a preview. James Bradford played the part at short notice, ably enough in the circumstances. Among the smaller parts I liked Richard Curnock's Decius and Richard Monette's Cinna the poet; and I *loved* Susan Wright's nubile Portia, though it hardly seemed her cup of tea.

Jack Medley was also missing from *The Merry Wives of Windsor*, which followed. His part as Sir Hugh was very well done by Robert Lachance. This is a straight-forward production, but to tell the truth, not merry enough, which I attribute to its lack of class-consciousness. Fenton (prettily taken by Ian Deakin) is an aristocrat; Falstaff and Swallow are gentlemen; Page and Ford, miscalled "gentlemen" in the programme, are citizens, lower middle-class, by today's measure. In this production by Robert Beard there's no social gulf between Falstaff and the landlord of the Garter.

The text is fairly deeply cut: we don't get little William's O-Level exams at the hands of Sir Hugh, and this is a shame, for elsewhere William is played by 10-year-old Torquil Campbell with astonishing confidence. The Campbells, indeed, are coming. Douglas of that ilk (Torquil's father) makes a fair traditional Falstaff; but where is the sense of fun we know from *Henry IV*? Lower down the social ladder comes Graeme Campbell as a solid, decent Page.

Ford gets a fiery performance by Nicholas Pennell, though the jokes about his disguise as Brooke are a bit childish. Mistress Ford is in the reliable hands of Pat Galloway; Mistress Page is in the equally capable but less suitable hands of the delightful Susan Wright, who looks about the same age as her daughter Anne (Astrid Roch). She works hard to make her part seem a bit funnier than Shakespeare left it.

I was impressed again by R. H. Thomson as the tall, gangling Slender, funny and melancholy at once; and I liked Dr Caius in the ultra-French mould given him by Richard Monette — a bit underparted this year, it seems to me.

Then in *The Tempest* we see the work of the new Artistic Director. Perhaps he was tempted by the prospect of all that subsidy (besides the sponsorship by the Victoria and Grey Trust), for this is one of the most extravagantly vulgar things I've ever seen.

Vulgarity isn't easy when you're playing, as is usual here, on an empty stage, and Mr Hirsch has passed the buck to his designer, Desmond Heeley. From the very first scene, where hand-held waves lap the stage below the flapping mainsail high above, the keyword is excess. The disappearing banquet is topped by Ariel on the upper stage, who unfolds silver harpy's wings 20 ft or more in span. Iris and Ceres are escorted by outsize insects and other science-fiction creatures. In the display of glittering splendour, I saw no signs of "Reapers, properly habited" in "a graceful dance"; nor, I think, should I have enjoyed a dance to Stanley Silverman's music—common, sentimental, yet hard to sing.

The playing is unexpectedly disappointing. Len Cariou looks fine and speaks the Epilogue beautifully; but throughout most of the evening he is in an ungovernable temper. How could Ian Deakin's Ariel ask him so movingly "Do you love me, master?" How could Sharry Flett's grown-up blonde Miranda say "Never till this day saw I him touch'd with anger so distempered," when she took all his fury, beginning with his first lines, for granted? My impression is that Mr Cariou, a gentle, sensitive actor, is thrown by the Guthrie-style stage in this great house.

But at least he has quietly touched Ferdinand (Jim Mezon) with magic, for he can twirl on his little finger great logs that are all Miles Potter can move with Caliban's great claws. Undoubtedly the evening's best playing comes from Nicholas Pennell as Stephano, straight from Liverpool docks. He should remind John Jarvis that Trinculo is not working in a circus.

At the Avon Theatre, where they have a proscenium, there is an unexpected bonus in the shape of *The Mikado*. I say "a bonus," not because I care much for the piece, but because it is so ravishingly beautiful to look at, with costumes and set designs by Susan Benson and Douglas McLean. There are some visual reminders of Noh theatre and other familiar Japanese features, such as the outsize bonsai tree in which Ko-ko sits to sing "Tit-willow." Strongly lit against a black backcloth, these things look really lovely. Strictly speaking, one should have resented the incursion of Chinese business like tumblers and lion-dogs; but they just add to the charm.

Beneath it all, the director, Brian Macdonald, has the basic G and S problem of how to keep the stage alive while the songs are being sung. As the songs do not advance the story, there's little to do but move the pieces around from one grouping to another, and Mr Macdonald does this prettily, but no more effectively than the D'Oyly Carte company might, given these resources.

Michael Gambon as King Lear in the Royal Shakespeare Company's new production which opened at Stratford on Monday night. Michael Coveney will review it on this page tomorrow along with "Lear" by Edward Bond which opened at the Other Place, Stratford, last night.

Holland Festival

Clement Crisp

The Sleeping Beauty

When the curtain rises on the Dutch National Ballet's *The Sleeping Beauty* there is a rightness about the stage picture which responds both to the grandeur of the score and the majesty of Petipa's choreography. Philip Prowse has provided a darkly golden set, pillared between huge panels into which, as with a picture frame, painted scenes are placed, while below there is a curve of shallow steps. Proportions are excellent—how few stage designers have this sense of stage volume; the opulent costuming and trailing robes of the courtiers bring dignity to their wearers without swamping them, and sit in admirably judged relation with the noble space of the set.

The correspondences between design and music are everywhere effective. Chaikovsky's richness is matched by sombre magnificence of dress in gold, black, gleaming reds, a fantasticated view of Louis XIV's age—Hyacinthe Rigaud and Jean Berain re-thought but not traduced—and by the way Peter Wright as producer has directed the activities of the dancers in this splendid place, an antechamber at Versailles with distant prospects of trees and obelisks. The score is played almost intact, with unfamiliar repeats and some missing bars restored; the choreographic text is in the main the Royal Ballet's Petipa/Sergueyev version, a few numbers re-written by Mr Wright. The sensitivity that made the same collaborators' *Swan Lake* for the Sadler's Wells Royal Ballet so pleasing is again apparent: the effect is —despite certain reservations I have about the Vision and Wedding scenes—to give the Dutch National company a *Beauty* unrivalled in the West, its only contender in excellence our memories of the Kirov production in the 1960s.

Mr Wright's staging, first seen a year ago, is part of this summer's Holland Festival. It is intelligent in balancing dance and drama, always a vexed matter with *Beauty* where, too often, display of dance technique obscures the vital consideration of the Petipa/Chaikovsky structure and the emotional development of the action. In the Prologue the court is splendidly real, and the gracious presence of the fairies is given an almost shocking contrast by the blistering appearance of Carabosse borne high by six black-clad, death's head cavaliers. Her dramatic mime is fully preserved, and there is no underplaying of the conflict with the Lilac Fairy, given as a mime role in a long dress (and, my one complaint, a madness of feathers in her hair so that she looks like Gaby Deslys in full fig). The opposition between good and evil, so clear in the score and in the ballet's theme, is properly explored, and in the first act Peter Wright achieves an authentic and, for me, unprecedented tragic force, when Aurora has pricked her finger.

By using all Chaikovsky's music; by not hastening the action, and by allowing the black emotional tone of the score to sound through the production, we sense the horrified despair of the court. The arrival of the Lilac Fairy, the gentle strength of her musical theme after the fatally final chords from the orchestra, comes as a vivid theatrical coup. At every moment the implicit drama of the scene is realised: admirable the way the King hands the spindle to the remorsefully kneeling Catalabutte; vilely effective the way Carabosse's retinue menace the court with their swords and caper around their mistress; tender, very touching, the Lilac Fairy's summoning of the magic forest to hide the castle.

The problems with the Vision scene are those that face every producer and decorator when confronted by the bridge-like nature of an act which must accustom us to the passage of a century and encompass court dances, fairy visions, and a journey. Visually Mr Prowse's sense of period seems less sure in costuming the hunting party. The Countess wears a vast hat and an eye-dazzling red habit while the other ladies are in plum-coloured cloth and jockey-caps, and Florimund boasts an abbreviated military jacket. The action is well presented, and the introduction of a small band of musicians made sense of the formal dances; but the first part of the panorama becomes no more than an uninspired progress along lines of nymphs. Once arrived at the forest, however, Florimund's quest for the sleeping Aurora is well shown as a battle against evil—the obstructing presence of Carabosse—and the triumph of good through the counsel of the Lilac Fairy. Mr Wright opts for the celebrated violin entr'acte as an awakening duet for Aurora and her Prince, but there is a case for seeing this as an unnecessary addition to the Petipa text, anachronistic in style, and a detraction from the climax of the great wedding pas de deux.

If the celebrations of the final act lack something of the sweep of the opening scenes, the fault lies partly with an absence of sufficient dancers to dress the stage as fully and as magnificently as music and occasion demand. Against a massive panel resembling a gold and ormolu trophy which dominates the set, the Louis XVI costumes of the court look more sedate than those of the Prologue, though the fairy-tale divertissements have been cleverly dressed in the fashion of the period. What is needed is grand classic dancing to light up the stage and be refracted in brilliance from the design. The Dutch National dancers are worthy rather than radiant in classic style. Maria Aradi and Francis Sinceretti, the Aurora and Florimund of the performance I saw at the weekend, were honest interpreters of their roles: the supporting cast, like the orchestra, worked seriously and honourably.

But Kirov aristocracy or Royal Ballet lyric decorum is necessary to bring this masterwork to full life. What Philip Prowse and Peter Wright have given the Dutch National Ballet is a tremendous challenge, and a superlative framework for endeavour, and to fill it out will be a notable achievement.

Television

Arthur Sandles

The Cup that cheers

To see the bronzed face of Henry Kissinger looking out of the television screen, with that familiar croaking accent voicing his admiration for British toughness in the field, surely meant we were having yet another re-run of the Falklands war. But no; this time the former U.S. Secretary of State was simply giving his views of the relative chances of the various teams in the World Cup. He is, apparently, an addict, which is more than you can say for a large proportion of the British population.

Like it or not, however, this is World Cup time and neither of the main channels is going to let us forget it. In my own remarkably unscientific survey of enthusiasms it is the events in Spain's football stadia which have considerably outshone Wimbledon or the Test series.

Spain has had the advantage of the weather, of course, and as Test Match and Wimbledon commentators struggled with the deluge from British skies, so our TV men in Spain sat interviewing team managers on sunny Iberian balconies overlooking gleaming swimming pools ("the players don't use the pool, it's too cold" we were told mysteriously).

With all those chilling Falklands pictures at last reaching our screens it is a bit unnerving to hear so many military terms applied to what is supposed to be a leisure activity. How many times were the Northern Ireland team "heroes"? But it is unavoidable. The language does not contain enough synonyms for us to have a separate dictionary for sport and war.

On the scale of involvement and hysteria, however, Britain comes fairly well toward the bottom. I watched some of the matches on French television, and others, including the appalling Germany-Austria fiasco, in Bavaria. The pictures are all the same, with that strange yellow windscreen wiper swinging over to reveal the action replays, but the commentaries definitely are not.

The German commentating style was certainly the most terse, with the commentators naming players and letting the viewers do most of the thinking leg-work; the French on the other hand seemed a touch more excitable than the British (although things got a bit out of hand on UK screens during Northern Ireland v Spain) and were not content to leave the vast gaps of silence that came frequently during German coverage.

During one match the French commentator had his microphone a little too near to that of a Spanish speaking colleague. What a difference. When even the Frenchman was struggling for words the Spanish descriptions continued rattling over the airwaves with the persistence of rain on the Wimbledon covers. Not speaking a word of Spanish I began to wonder enviously what I was missing. If all Hispanic soccer coverage is like that it is no wonder that they have been known to go to war over the game.

It is only during this World Cup that I have begun to realise why Jimmy Hill is such an invaluable anchor man and why he and David Coleman are doing so well. While ITV continues on determinedly with its changing-room style of ageing stars exchanging insider banter, Hill and Coleman manage to keep non-afficionados informed and entertained. The audience for the World Cup matches must surely be somewhat different from that for normal Saturday games, requiring more of the common touch and a greater sensitivity to viewers who do not know their Schachners from their Smomareks.

On Sundey (BBC 2) it was good to see that Spain has other fascinations at the moment apart from soccer players, seemingly endless sunshine and lengthy beaches. *The World About Us* team plunged only a little way into the hinterland behind the Costa del Sol to find a world of hills and coppices, horse drawn ploughs and soaring honey buzzards.

The cameras remained for a long time with the wild boars of the region, if relatively briefly with the hunting which awaits the males of the species in the autumn. What I did not gather was whether these apparently primeval creatures would still be around if the hunters did not want their annual foray into the forests. It was nonetheless a charming, informative and spectacular escape from the slick world of corner kicks and forwards "going for the old one-two."

But that world is likely to be with us for some time yet and while the protestors may still protest, the TV stations will be able to point at the audience figures that a match like last night's produced and say that this is what the viewers want. Of course, they are right and when the Fourth Channel gets on the air there will be ever more alternative viewing for those remaining who have not caught cup fever.

After all, if it's good enough for Henry, it's good enough for me.

Cesti's Orontea/Beningbrough Hall

Martin Dryer

Yorkshire Camerata, an *ad hoc* professional group led by YTV producer Tony Scull, has been quietly and skilfully putting together Baroque operas for four years now. Its latest enterprise, Antonio Cesti's *Orontea*, enjoyed the first of six performances in Yorkshire last Friday at Beningbrough Hall, a splendid Baroque pile eight miles north of York, as part of the National Trust's Festival '82.

Written in 1649, and thus probably the earliest surviving truly comic opera, *Orontea* has its origins in the jocular underbelly of the great Venetian tradition. This was its first modern professional production in unaltered form, though it bubbled along with such confidence for 2½ hours that cuts seemed unthinkable. The plot has all the wit and intrigue one might expect from a friar whose scurrilous escapades kept him constantly on the run. Orontea, a young queen prey to emotion, is attracted to a painter. But his low birth falls foul of her sense of honour. Inevitably she vacillates. He quickly finds solace elsewhere until, in a dénouement of Gilbertian complexity and musical brilliance, his royal parentage is unexpectedly revealed. Two other pairs of lovers keep dalliance in fashion throughout. There is aristocracy in us all, the fairy-tale seems to suggest.

Most of the nine soloists (there is no chorus) are past or present members of Opera North, with whom Mark Lufton in particular is well known for his comic cameos. Here he comes into his own as Gelone, his plastic visage and versatile bass exploring the entire spectrum of drunkenness with wonderfully disciplined buffoonery. Elizabeth Lockwood gives a regal reflection of Orontea's chameleon moods, while Melvyn Osborne as the bemused painter grows steadily more focused as things progress. Joyce Ellis's implacably lustful old nurse, Eleanor Smith's energetic page and Leonie Mitchell's warm-hearted flirt are but part of a side that bats right through the order.

Scull's own direction of a stylish Baroque band rounds out a close-knit production that has all the hallmarks of authenticity, yet none of the dust of antiquity: it is extremely funny. It travels to Wakefield, Sheffield and Richmond this week, and richly deserves to travel much, much further. Could this be the prelude to a Glyndebourne of the North?

Saleroom

Antony Thorncroft

Christies' main summer sale of Impressionist paintings on Monday night was a disappointment with a sold total of £539,460, the price of one good picture in a better year. The top price was a very modest £70,200 from Suita, a Japanese dealer, for "Nature morta" by Giorgio Morandi, which was on target.

A bronze, "Cavaliere" by Marino Marini, went for £54,000 and the same sum secured "Deux femmes tenant au pot de fleurs" by Leger for a South African dealer. "Dora Hugo et la femme de l'artiste" by Paul Helleu went for £51,840, way above forecast, and a Paul Klee, "Auffallende Haare," sold for £48,600. But the two main lots, by Chagall and Signa, both estimated at £100,000 plus, failed to find buyers.

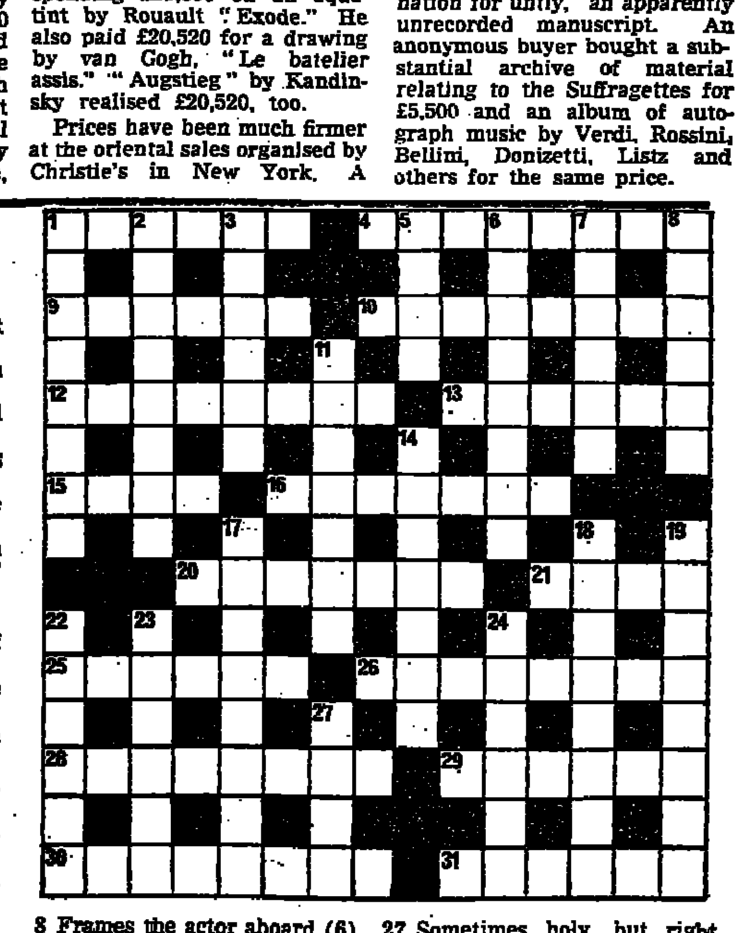
Demand yesterday morning was little better, with 39 per cent bought in. Suita was again the buyer of the top lots — spending £21,600 on an aquatint by Rouault "Exode." He also paid £20,520 for a drawing by van Gogh, "Le batelier assis." "Augstieg" by Kandinsky realised £20,520, too.

Prices have been much firmer at the oriental sales organised by Christie's in New York. A Japanese lacquer travelling shrine made for the Christian market in the Momoyama period realised £115,116, a record for a Japanese work of art sold at auction.

On the first days of Sotheby's manuscripts sale Quaritch paid £7,260 for an autograph manuscript of Locke's "A call to the nation for untiy," an apparently unrecorded manuscript. An anonymous buyer bought a substantial archive of material relating to the Suffragettes for £5,500 and an album of autograph music by Verdi, Rossini, Bellini, Donizetti, Listz and others for the same price.

THEATRES

F.T. CROSSWORD PUZZLE No. 4,910



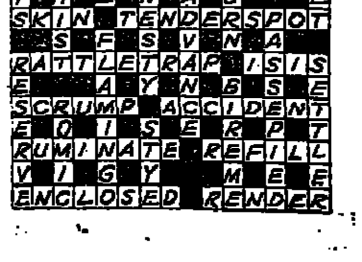
ACROSS

1 A model you should not miss (6)
4 Curls we have to allow in some circles (8)
9 Fifty after a girl—as usual (6)
10 Struggles with objections about the exam (8)
12 Toast a double feature (4, 4)
13 "So thick a drop —— hath quenched their orbs" (Milton) (6)
15 Party in defeat (4)
16 Skinflints include a note of bad hands (7)
20 Develops friends about the city (7)
21 Table Mountain draws me to South Africa (4)
25 A difficult customer for a couple in blue (6)
26 Religious books written after changes (8)
28 Features children who tell tales (4, 4)
29 A pair before long makes tea (6)
30 This cove can be found in the hills (8)
31 Sets forth conditions in America (6)

DOWN

1 Ruins EEC with quite an easy job (8)
2 An expression in us for the end (8)
3 Provincial governor once shrewd (6)
5 Ships of war were formerly thus clad (4)
6 Collected Jacob's son about that place (8)
7 Followed the girl in the finish (6)
8 Frames the actor aboard (6)
11 Get a small car for mother it is the least we can do (7)
14 The vicar using language—just the opposite (7)
17 "He who shies at such a prize is not worth a ——" (Iolanthe) (8)
18 With the saint abroad we have to be dissipated (5, 3)
19 Incidents involving a fool among the messengers (8)
22 Emphatically a Latin type (6)
23 It's little credit for the dean to cower (6)
24 At full power when ten have fallen (3, 3)
27 Sometimes holy, but right in the midst of humour (4)

Solution to puzzle No. 4,909



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Wednesday June 30 1982

Europe at odds with Reagan

IT IS a measure of the perturbed state of the Western world that the leaders of the European Community, despite ample scope for argument about the workings and enlargement of the EEC, should have drafted communiques concerned predominantly with external affairs. The theme which unites both main statements—on the crisis in Lebanon and on U.S.-Common Market relations—is the rift which has suddenly re-opened between the American and the European halves of the Nato alliance.

The virtuous-sounding undertakings of the Versailles summit are now shown up to have been little more than a papering-over of that rift. Painful developments have taken place since they were made. The U.S. has turned a blind eye to an Israeli invasion of Lebanon. Mr Alexander Haig, an unsatisfactory U.S. Secretary of State who, nevertheless, provided a link between Europe and the Reagan Administration, has resigned. The U.S. has attacked European sales of steel to America with anti-dumping levels. The U.S. has abruptly blocked European subsidiaries and licensees of U.S. companies from participating in the Russian gas pipeline project. And in the background, the U.S. monetary squeeze has re-asserted itself, driving dollar interest rates and the dollar exchange rate back upwards.

Statement

In Europe there is not only anger about these developments in themselves but also a mounting disquiet about the U.S. administration which has unleashed them. Five-and-a-half years after the EEC began muttering about the shortcomings of President Carter and his team there is still no satisfaction in sight. An economic policy which is having ramifications across the world is the product of no Thatcher-like exercise of willpower but of inconsistent policies stretched four ways between the Federal Reserve board, Treasury, Congress and White House. A foreign policy of no less importance is the outcome of a power-struggle between White House, Pentagon, National Security Council and State Department. And the ring-master of all these activities—the President—has not yet established that he has the ability to make the upshot of such tensions constructive.

In their statement on the latest war in the Middle East the Europeans have forlornly reminded the U.S. that: "Israel will not obtain the security to which it has the right by using force and by creating *faits accompli*, but it can find this security by satisfying the legitimate aspirations of the Palestinian people." The Ten assert that "for negotiations to be possible the Palestinians must be able to commit themselves to them and thus to be represented at them".

Slip away

The declaration on U.S.-European relations warns bluntly of "recent developments which could have adverse consequences for (Europe's) relations with the United States." It would have been tougher still had not Mrs Thatcher stepped in and watered down the paragraphs dealing with U.S. actions over the gas pipeline in the Soviet Union and the argument about steel imports into the U.S.

The Versailles summit's communique provided the basis of a rapprochement between the U.S. and Europe which has since been allowed to slip away. The Europeans do not accept toughened economic sanctions against the Soviet Union. The U.S. has not responded to the spirit of economic co-operation and compromise.

The message behind last night's communique from the Europeans is plain and probably the better for its plainness: the components of the Western Alliance are drifting apart. Mutual distrust, straight nationalism and economic nationalism bred of economic fear are coming between them and are threatening the principle of free and fair trade on which their unrivalled prosperity was once based.

This is a consequence which the unpleasant process of eradicating Western inflation, of reconciling Western expectations with Western economic performance, cannot be allowed to have; and this is why the "*genuine and effective dialogue*" urged in yesterday's communique is the most pressing duty facing the new U.S. Secretary of State, Mr George Schultz.

Strife in the public sector

THE CHALLENGE for British governments in the public sector pay round has always been to get across to workers the connection between pay, productivity and jobs. In response to that challenge the present Government has sought, on the one hand, to impose a pay norm that is consistent with the success of its wider economic strategy; on the other, to reduce the powers and privileges of the trade unions so that competing public sector labour monopolies find it less easy to wrest money from the Exchequer by submitting the public to considerable discomfort.

On the basis of decisions this week by the National Union of Railwaymen and by Aslef, it appears that the message is not sinking home uniformly. On the issue of flexible rostering, Aslef is intransigent and intends to call an all-out strike from Sunday. The NUR, however, abandoned its nationwide strike on day one and yesterday's unanimous vote to end the Tube strike on London Transport confirmed the earlier trend.

Inevitably the Aslef decision removes some of the gloss from the earlier victory won by the BR management and the Government in the confrontation with the NUR. And the importance of the vote to call off the strikes can be exaggerated. The railmen want their claim submitted to arbitration under Lord McCarthy at the Railway Staffs National Tribunal. Thereafter, the issue would be reconsidered by a special conference of the NUR. Mr Sidney Weighell and his men will have to be satisfied that they have an improved offer before the threat of further disruption on the railways is completely removed. With London Transport, further talks are to take place with the Government's arbitration service, Acas.

Less support

But London Transport does not appear to have made any further concessions. And in the case of the NUR strike, it is hard to believe that the direct appeals to the workforce by Sir Peter Parker, the BR chairman, played no part in the outcome. Sir Peter has insisted throughout that BR's 5 per cent offer is rigidly conditional on productivity. He laid heavy emphasis on the potential loss of jobs and threatened to revoke the closed shop agreement on the railways.

The NUR members were almost certainly conscious that they enjoyed much less support from the public than the National Health Service workers do. The man on the train from Woking may not feel unduly bothered about the unions' demands to have two men drive a one-man train from Bedford to St Pancras or about the minutiae of footplate men's rosters. But if he is forced to come late to work with a frayed temper and possibly blistered feet too, his sympathy is not to be counted

Confronting

The question now is how exposed or otherwise the NHS ancillary workers feel. The Aslef decision certainly makes them look a mite less vulnerable. Yet here, too, a connection needs to be made between pay, productivity and jobs. By no stretch of the imagination can the workers in the NHS be described as well paid. But in the 20 years up to 1980 staff numbers in the NHS more than doubled to over 1.2m, while the number of people treated grew by less than 1 per cent.

At the fag end of the pay round, confronting a Government that scents victory, the health workers look as though they are on a losing wicket. But if the Government succeeds in wrapping up the current pay round to its own satisfaction, there remains a perceptible cost.

The 4 per cent pay norm has been frequently breached by the groups with most disruptive power, leaving a widespread sense of unfairness. The Government's efforts to attack the big labour monopolies have not been conspicuously effective to date. And the so-called Tebbit Bill, which seeks to discourage closed shops, is not something on which industrial managers are over-anxious to make common cause with the Government.

The Government can no doubt justify rough justice over public sector pay on the ground that reductions in real pay offer the best hope of reducing unemployment. But the monopoly problem has still to be faced.

INTERNATIONAL TRADE

Uses and abuses of sanctions

By John Plender

HOW FAR is the U.S. prepared to go in applying economic pressure to the Soviet Union? How great is the risk that Saudi Arabia's frustration over the American failure to restrain Israeli action in the Lebanon will precipitate a second oil embargo or lead to financial sanctions against U.S. banks?

In the aftermath of the resignation of Mr Alexander Haig and the appointment of Mr George Shultz as Secretary of State last week, no one can be certain. But the very least that can be said is that the Americans are traditionally trigger-happy when it comes to the use of economic sanctions; and that Saudi readiness to use the oil embargo in 1973 lends credibility to any threat over current events in the Middle East. It is a disturbing prospect for Europeans who are increasingly being caught in the crossfire.

The immediate focus of European concern is the decision by President Reagan on June 18, a mere fortnight after the Versailles summit, to extend sanctions against the gas pipeline from Siberia to Western Europe.

From the start the Reagan Administration made no bones about its hostility towards the project. And it was quick to seize the opportunity provided by martial law in Poland to impose unilateral sanctions against the Soviet Union. Measures announced by President Reagan on December 29 included controls on American sales of oil and gas equipment, together with a threat to extend the embargo to subsidiaries of U.S. companies and to foreign licensees.

This move reflected a marked shift in the balance of power in the Administration towards the unilateralists, led by Mr Casper Weinberger, the Defence Secretary, at the expense of Atlanticists such as Mr Haig. The unilateralist camp is anxious to prevent any transfer of resources from West to East that would help the Soviet military effort, regardless of European sensibilities over detente. It seriously believes, unlike most Europeans, that the Soviet Union is economically on its knees and that sanctions could force the Soviet leadership to consider the politically risky option of economic reform.

Conscious of the damage done to the Alliance by the December 29 measures, the Atlanticists succeeded earlier this year in steering the argument over East-West trade away from energy onto credit. The Versailles summit appeared to have dispelled some of the acrimony with communiqué references to "prudent" economic relations with the Soviet bloc. The Europeans and the Japanese left with the impression that they had agreed on tighter credit for the Soviet Union in exchange for a relaxation of the U.S. embargo on gas equipment.

It is now clear that the pre-summit discussions on credit was difficult. And not simply because of different perceptions about what a co-ordinated credit policy could or could not achieve. The Americans wanted agreement on a mechanistic system of credit control which other summit countries regarded as unacceptable. The Europeans countered with proposals for a more flexible approach.

These differences were not adequately resolved before the Versailles meeting and the French appear to have been particularly obstructive, revealing at the last minute that their ability to accept the American proposals was limited because of a secret accord with the Russians on credit. President Mitterrand rubbed salt into the American wound by appearing to disown the new agreement at a press conference immediately after the summit.

The result was that when President Reagan returned to Washington, conservatives in the Administration were able to argue that he had bargained away his leverage over the allies for a non-agreement on credit. The Russians, they claimed, were receiving all the wrong signals: having set out to bargain with the Soviet Union from a position of strength the Administration had trimmed its sails to the wind of American public opinion on arms control and shown little real toughness in foreign policy. The President took the point and extended the embargo.

A first-class row is now inevitable between the U.S. and Europe, not least because the oil and gas equipment embargo coincides with other purely economic tensions over steel and interest rates which threaten to spill over into political relations.

The retrospective and extra-territorial nature of the sanction is particularly irksome to the Europeans. There is resentment at the U.S. failure to use its own grain weapon or to consult more than cursorily with the allies before arm-twisting them into sanctions which they do not expect to influence the Soviet Union more than marginally. As the Americans do not have a monopoly of the relevant technology for the pipeline, delay is all their action will achieve.

The U.S. is not, as yet, committed to all-out economic war

> A first-class row is now inevitable between Europe and the United States

with the Soviet Union. But it is clear that the balance of advantage in the Administration now lies more with the conservatives who want to pursue a policy of economic containment towards the East, than with the Atlanticists. Nor is there any guarantee that the U.S. will not seek to take further economic measures if events so dictate.

Economic sanctions are used in peacetime not because of any intrinsic merit but because the alternative options are unpaltable. If the situation in Poland or the Middle East deteriorates, the U.S. will be hard pressed to find other measures with which to send strong signals to the other side.

This is bound to worry European governments on two counts. First, the U.S. has already cut back so far on trade with the Soviet bloc that it has few sticks with which to beat the Russians except grain. Short of a new grain embargo it cannot have a policy of economic containment towards the Soviet Union unless it borrows Europe's economic leverage. Co-operation with the Europeans will be much harder to achieve after the extension of the oil and gas equipment embargo. Further bullying could thus ensue, with consequent strains in the Alliance.

Second, the U.S. is most likely to be tempted to apply financial sanctions since it can exercise disproportionately large leverage despite the relatively low level of its own financial relations with the Soviet Union. Moreover, the scope for exerting financial pressure has increased dramatically as a result of the recycling process whereby Western banks accumulated huge Opec deposits (whose withdrawal could pose a threat to banks' liquidity) and non-oil developing countries ran up huge debts (on which default is a potential threat to the solvency of the banking system).

Sanctions hardliner Casper Weinberger, U.S. Defence Secretary (left) and Secretary of State George Shultz (right)

Blocking deposits is not new: the Americans did it, for example, with China in 1950, Cuba in 1962 and North Vietnam in 1970. What is new is the scale on which it can be done after recycling and the high risk involved as the world faces an incipient financial crisis.

When the Carter Administration blocked $12bn of Iranian financial assets in 1979 in order to apply pressure for the release of the U.S. hostages, both hostages and banking system emerged intact.

Today the international banking system is even less stable, because of Eastern Europe's financial difficulties and because Third World countries are having difficulty servicing debt while the prices of their primary products are catastrophically low. What would the response be to a Saudi oil embargo combined with threats of deposit withdrawals in response to the American failure to restrain Israel?

In theory the West has little cause for worry about deposits. There is nowhere outside the Western banking system for Saudi Arabia to put its money. If it removes dollars from American banks into European banks, they would no doubt be recycled. And if the dollars were swapped for D-marks, there would be loud cheers all round as the dollar weakened and American interest rates fell.

Anything which adversely affects confidence is, admittedly, dangerous, particularly against the background of an oil embargo. But in practice political manipulation of international debt probably presents a greater threat to the stability of the banking system than a withdrawal of deposits since numerous countries, Poland and Argentina among them, are close to default.

The U.S. has not been slow to exploit opportunities to impose political conditionality where official debt is outstanding. A *force majeure* clause was inserted into the rescheduling agreement reached with Poland by official creditors last year at American behest. And after martial law in Poland, the hawks in the U.S. Administration argued strongly for calling a default on Polish debt. Cross-default clauses would have been triggered, so forcing Europeans to follow suit willy-nilly.

If events take a new turn for the worse in Eastern Europe, it will be harder to head off the pro-default lobby. The State Department and the Treasury won the argument for restraint last December on the ground that calling a default would release General Jaruzelski from the pressure of debt service. By now the flow of funds from Poland to the West is so marginal that the argument scarcely holds up.

The worry is that a politically inspired default in Poland might coincide with defaults elsewhere. There has been talk in Argentina, for example, of calling a moratorium in order to obtain relief from debt service. A moratorium comes close to financial suicide since it cuts the debtor off from fresh credit. But if a country's leaders are in a political corner, they may not act predictably. As with deposit withdrawals, it is the uncalculated reaction that bankers have to fear.

The network of central bank agreements set up after the collapse of the Herstatt Bank in 1974 provides a framework in which to handle a financial crisis. But all contingencies cannot be insured against. In the meantime banks are paying more attention to political considerations in sovereign risk assessment, which reinforces the contraction of credit that now threatens the international system.

On Polish debt, European officials are crossing their fingers and hoping that General Jaruzelski will do something to ease the martial law regime—pressure from Moscow notwithstanding—before the Pope visits Poland later in the summer. This would provide an excuse to relax sanctions and go ahead with rescheduling along with the provision of fresh credit. But if Jaruzelski holds fast, the scope for tension between the U.S. and Europe will increase. Creditors may be tempted to cut and run. The financial situation could become more dangerous.

The U.S. attempt to squeeze the Soviet Union economically has not stopped the pipeline. What it has done is to give General Jaruzelski an opportunity to influence relations within a Western alliance that is already uncomfortably divided, an ironic outcome which the Russians no doubt savour.

Men & Matters

Tailor's yarn

John Packer was in London yesterday making plans for his next party. It is not until 1983, but since Packer reckons to give the grandest parties known to modern man it is none too early to start the preparations.

Packer runs Reid and Taylor, which in recent years has progressed from supplying top quality Scottish yarn to making suits in the £200-£800 price range. Every two years Reid and Taylor mounts a party for its customers, just twenty throughout the world, and its customers' customers, and lives off the good will until the next time.

Of course, more than good will comes from the junkets—which cost around £250,000. You can now buy a Reid and Taylor suit at Austin Reed, thanks to the publicity which surrounded last year's event at Schleissheim in Bavaria, which was impressive even by Packer's standards.

The 500 guests at the castle were greeted by 80 pipers and 16 trumpeters. They observed a convoy of Rolls-Royces, the first bearing Princess Margaret, and a fashion show (the business bit). They ate a banquet served by liveried footmen which started with lobster souffle and truffles and then got grander while they drank pink champagne.

Finally, they listened to what must have been the most expensive concert per minute of recent years. For an hour, Monserrat Caballé, Jose Carreras, Agnes Baltsa and Boris Christoff sang. The collective fee was £24,000, with Caballé and Carreras taking £8,000 each.

What makes the venture bearable for Reid and Taylor is that it only had to pay £86,000 of the cost. Other leading exporters of cars, jewellery, furs, accessories, etc. are quite prepared to pay for their walk-on parts in such a glamorous event.

The next will be held in the UK, just where Packer is not saying, but his efforts to promote British style abroad, as well as his own suitings, have impressed enough to earn him an OBE in the latest Honours list.

On the boil

Terence Conran's new boiler-house gallery of industrial design continues to carry a startling message.

It packed its first punch when it opened in January with an exhibition devoted to the influence which the world's leading designers have had over the shape and function of industrial products since the 1850s. Only one of the items was British, a Gestetner copier designed in 1929—by an American.

The gallery, housed in the Victoria and Albert Museum's former boilerhouse, then rubbed salt into the wound with another exhibition, the first ever devoted to the remarkably successful designs of Japan's Sony Corporation.

And yesterday it held a preview of its latest enterprise, which traces the past 25 years of work by Dieter Rams, whose "clean, crisp and functional" products for Braun of West Germany have set a trend for British competitors to ignore at their peril.

His ability to transform such mundane appliances as shavers, hair curlers and coffee machines into elegant and efficient objects has won Braun immeasurable international success—not least in Britain.

By comparison, the attention paid to design by most British appliance makers appears woefully inadequate.

Such laggards' old argument was that British consumers were not prepared to pay for good design — a statement rendered obviously inaccurate by the hordes who now flock to buy products by Sony, Volkswagen and, of course, Braun.

As if to back up cynics who maintain that the fault lies with conservative producers rather than the public, Rams yesterday praised "the demonstrated awareness of the British consumer of the part design can, and should, play in the creation of products."

But Rams warns that would-be emulators of Braun's success should avoid short cuts. Design will only be taken seriously if a product's attractive exterior is matched by top-quality innards.

Getting licked

Strawberry ice lollies from Northern Ireland are making a big hit in the Middle East.

Hot and thirsty Sheiks from the Gulf state of Dubai have ordered 2m of them from Dale Farm Dairies of Ballymena—the first Northern Irish ice cream to be sold in bulk outside Great Britain, according to Dale Farm.

"If somebody told me a year ago that we would be exporting ice lollies to Dubai, I would have told them to get their head examined. Now it's come true," says production manager Frank Kerr.

Quality, speed, competitive pricing and good personal contacts clinched the deal, he maintains.

For Dale Farm's next trick, it is working on a special request from its Dubai customers—for ice lollies in their favourite mango flavour.

Staking out

It looks like being a photo-finish in the Denning Succession Stakes.

With an announcement about the next Master of the Rolls expected very shortly, the word is that the early front runner, Lord Justice Templeman, has fallen back and is likely to be compensated by a judicial seat in the House of Lords when Lord Russell retires from the ranks of the Law Lords.

Lord Justice Donaldson and Lord Justice Oliver are thought to be neck-and-neck as they race for the winning post.

Donaldson is said to be Mrs Thatcher's preferred candidate, and to have the backing of the Lord Chief Justice, Lord Lane.

Oliver, say the Inns of Court pundits, is favoured by the Lord Chancelor, Lord Hailsham, and a majority of the judiciary.

But there is a growing feeling that in this, as in other matters, Thatcher will prevail.

It is a view shared by my man at the High Court. "Donaldson by a short head," he forecasts

Cash 22

Lloyds Bank, keen as ever to help its travelling customers, has issued instructions on how to use its cheque card abroad.

"You'll be able to draw up to £100 a day, although each individual cheque will only be guaranteed for up to £50," it advises. So far so good.

But, the bank goes on: "You should also plan how much you will need, as your cheque card only allows one transaction each day." Nothing like flexibility when it comes to figures.

Bull in the bush

From an article on stock market scares in an Ohio newspaper: "Not content with the fat bird in their hands, and spurred on by greed and rumour, the bulls believed they would find the proverbial two birds in the bush. When at last the bubble burst, the cat was really among the pigeons."

Observer

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FINANCIAL TIMES SURVEY

Wednesday, June 30 1982

BUILDING
Methods and Management

Government cuts and the recession have in recent years led to a serious drop in the UK construction industries' workload. There are now signs of a modest recovery. Meanwhile the industries are taking a long look inwards. Traditional techniques and practices are being challenged.

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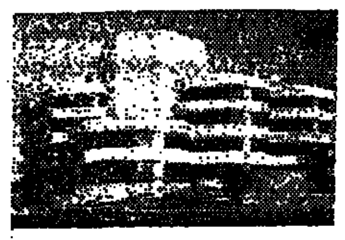


The new head office of Johnson & Johnson at Slough: winner of the Concrete Society 1982 Award

Editorial production: Mike Smith
Design: Mike Wiltshire

Builders fight to turn the tide

BY MICHAEL CASSELL

IN THE last decade, there has been a near-30 per cent drop in the domestic workload of the UK construction industries. With no immediate prospect of any significant and sustained improvement in output, the construction sector is now taking a long overdue look at how best it can help itself.

A more thoughtful approach to its predicament will not prevent the industry from maintaining pressure on government—the prime client—to accept the construction industries' fundamental role in the economy and its potential for generating economic revival. The message, which most would accept, will continue to be accompanied by calls for more cash, which is less readily forthcoming.

But an industry which has been proud to be associated with initiative and free enterprise, whilst at the same time inevitably looking primarily to the state to fill its order books, is now turning much of its attention inwards, examining both market opportunities and methods of approach which can produce badly needed work.

Mr Kenneth Cooper, director general of the National Federation of Building Trades Employers, told a recent conference on construction market opportunities: "While the country has been spending more on holidays, cars, televisions and videos, it has invested less in building.

"That tide needs to be turned. Doing so depends not only on general economic recovery and growth. It also depends on the industry itself; on its ability to deliver, its ability to anticipate and respond to market needs and its ability to generate what people will want to buy; in short, on its readiness to market itself in new and more forceful ways."

The construction industries have long been criticised for knowing well enough how to build but knowing little about selling themselves to their customers. For too long, the critics suggest, the construction sector operated in a post-war sellers' market and proved itself incapable of adapting when the buyer began to set the ground-rules.

The scope for offsetting the huge reductions in public sector construction work must remain limited, however, given the scale of the continuing government cuts. Construction output in the public sector fell by another 9 per cent in 1981 and in the past three years the trend has been strongly downward, reducing work levels to close to half the 1970 level.

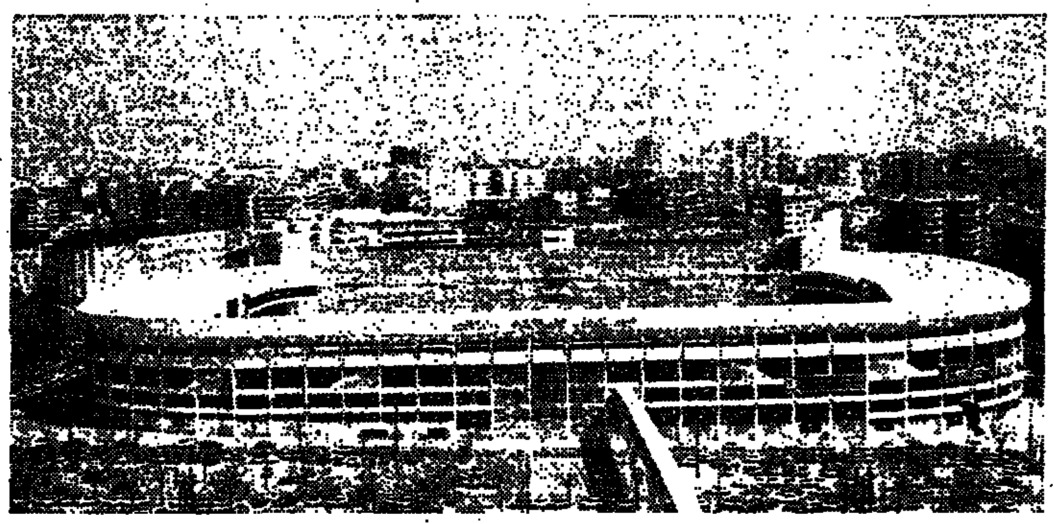
At the same time, the recession has knocked the feet from under parts of the private sector. Building work for industrial customers dropped by over 20 per cent in 1981, private housing output by 12 per cent in volume terms and even repair and maintenance—which had represented one of construction's brighter spots—dropped back by 10 per cent.

There are now some signs that the overall picture is, after several years of decline, beginning to brighten up, although any recovery is expected to be modest and fairly slow. Even at current, depressed levels of output, however, it is worth emphasising that the UK construction market still turns over about £23bn a year.

But in an increasingly competitive climate, changes in old and tested techniques are in need of review and those who adapt first stand to make most ground on the rest of the field.

The contractors are not only having to look at those markets which offer most potential but they are having to re-examine their traditional approach to seeking and carrying out work.

There is no question, for example, that while a great deal of future construction work will continue to come along the traditional route—from client to professional agent to contractor—the "last link" in the chain will need to adopt a more aggressive role in generating business opportunities. For some contractors, the "first and last link" approach to winning work is fast gaining ground.



Real Madrid's Santiago Bernabeu stadium was given a complete facelift in preparation for the World Cup at a cost of £2.75m. The modernisation involved extensive use of Cemfil glass reinforced cement, a Pilkington Group product for special canopies designed to meet a FIFA requirement that at least two thirds of the seated accommodation should be covered

The variety of packages now available to the client, removing the conventional system of project organisation in favour of total integration of the design and construction process represents a significant attempt by the industry to provide the client with a more efficient, cost-effective option and to provide itself with an enlarged work load.

There has been a growing belief, both within and beyond the construction sector, that continued adherence to the traditional method of contracting and the Standard Form of Contract is not serving the best interests of the industry's clients.

In recent years, several reports have emphasised that construction is the only major industry in the UK in which the processes of design and construction are separated. Under most forms of building contract, the client has taken responsibility for design while the contractor accepts responsibility for construction—as well as the major risks.

As Bernard Hodgson, of "fee-system" pioneers Bovis points out: "The building owner appoints and employs designers and the contractor employs subcontractors, some of whom have design responsibilities. Inevitably, therefore, there are areas of responsibility which are at best poorly defined and at worst not defined at all. There have been an increasing number of cases before the courts in recent years which illustrate these points."

He adds: "The separation of the processes of design and construction is one of the biggest problems which faces a building owner. He may spend many months or even years planning his project with his design team and yet he only assembles his construction team a short time before site work commences. The construction team is unlikely to be familiar with his requirements, they will not necessarily have worked together before as a team and may not have worked with the designers."

It is against this background that the Joint Contracts Tribunal has now evolved two new contract documents designed to cope with the growing use of design-and-construct procedures.

The traditional method of contractor selection, by competitive tender, is also again under close scrutiny. Within this approach, a number of contractors are provided with identical information about a proposed scheme and the lowest tender wins the job. The tender becomes the contract price but it follows that if the information originally provided is not accurate and the project not well defined, or if the client's requirements change, then the price is adjusted.

It is regularly the case that projects are not clearly and concisely defined at tender stage and that reasons will

CONTINUED ON PAGE III

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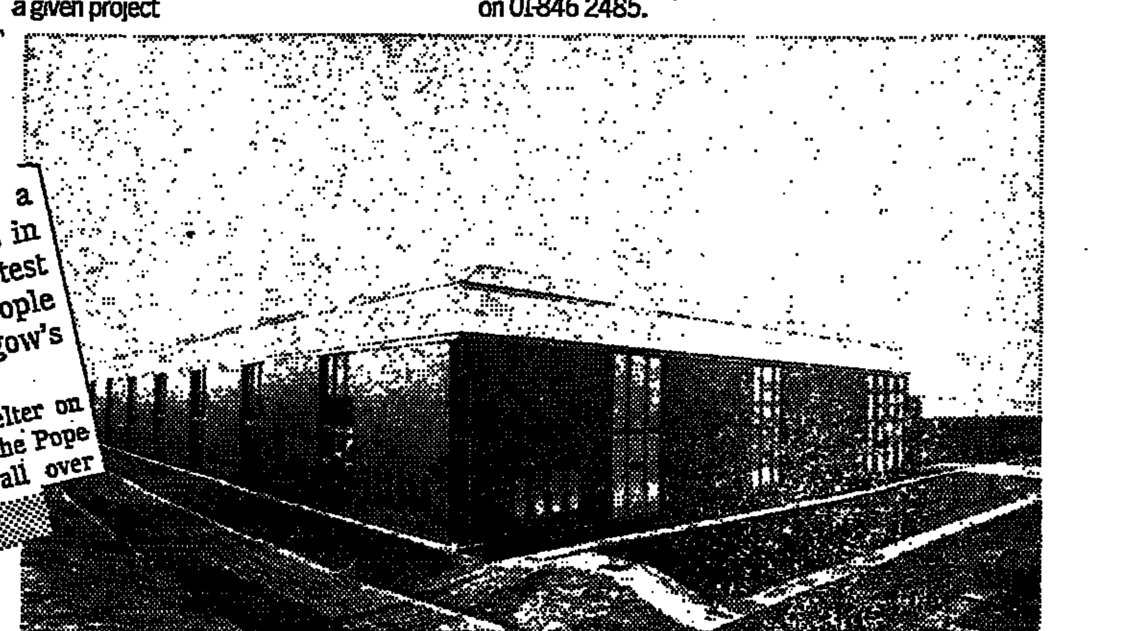
STOP PRESS 2
Wimpey also wins Management Contract for Leisure Centre at Newport, Gwent.

Wimpey are managing the construction of the first totally engineered building in Hong Kong.
CLIENT: Hongkong & Shanghai Banking Corporation
CONSULTANTS: Architects: Foster Associates. Civil and Structural: Ove Arup & Ptnrs. Quantity surveyors: Levett & Bailey/Northcroft Neighbour & Nicholson Building services: J Roger Preston & Ptnrs.

Scottish fervour silences the Pope's sermon
By CHARLES NEVIN
ROMAN CATHOLIC Scotland offered a mighty gesture of faith and numbers in the face of extreme Protestant protest yesterday as more than 250,000 people gathered for a Papal Mass in Glasgow's Bellahouston Park.
Typical Papal weather—sunshine and swelter on Scotland's warmest day of the year—greeted the Pope and the crowds who had travelled from all over Scotland for another of his Masses.
"Lord let Scotland flourish," the Pope prayed in Gaelic and English from his altar high on the park hill-side, to be supported in his petition by the clapping hands and crashing cheers of the thousands stretched below him.

A Wimpey Management Contract for the temporary facility in Bellahouston Park, carried out in only 8 weeks.



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Kyle Stewart is the latest British builder to move into management contracting

New system increases flexibility

WHEN John Player looked for a new way of finding designers and contractors to build its new factory in Nottingham in 1968 it could hardly have realised that it was sowing the seeds of a quiet revolution in the building industry. That contract, worth about £40m at current values, was carried out by a system which has now become known as management contracting. From one job in the East Midlands 14 years ago the popularity of the method has blossomed to the extent that even the most diehard traditionalist will now at least look at a management contractor when he wants a new building.

A staff member on that contract was a young man named Roger Downing. His early experiences in Nottingham left him convinced that the system was a force to be reckoned with and he has spent the intervening years working at it—first with Bovis then as managing director of its subsidiary Yeomans. Still young at 36, he was last month appointed chief executive of Kyle Stewart Management Contracting, the latest firm to be set up with the sole intention of working within the discipline. He spent 15 months setting up the company.

Respected

That a company of Kyle Stewart's reputation and turnover should choose to set up an entirely new operation is symptomatic of management contracting's place in the future of the industry. The company already has a respected track record within the industry with an impressive list of prestige projects under its belt since formation in 1953. Its construction, refurbishment, mechanical and electrical services, joinery, plant hire and property divisions together with its new associate last year turned over about £80m. The new subsidiary has already won a pair of contracts together worth more than £16m and there are more on the way.

What is this new way of life which has altered the face of such a conservative industry in less than two decades? The answer is amply illustrated by KSMC's modus operandum in winning its largest contract to date, a £10m industrial project in Corby for a growing electronics firm RS Components.

Had RSC chosen the traditional route, when it decided to centralise its manufacturing and storage facilities in a new building, the first port of call would have been an architect's office. It might have been an architect chosen for his reputation with this type of project—he might easily have been chosen almost at random. The next call would have been to a consulting engineer, then a quantity surveyor, an electrical and mechanical engineer and so on until he had what he thought was the right team to design what was so far no more than defined need for the facility to expand business.

Under the direction of the architect the team would have set-to and eventually come up with a design. A shortlist of builders would be asked to tender for the actual construction work on the basis of the drawings and their attendant bills of quantities. A contractor—almost invariably the one who submitted the lowest price—would get the job which he would carry out under the direction of the architect.

The moment RSC had a change of mind on some particular point of design the problems would have started. Despite all the best intentions it is a fact that each professional element in the building process has vested interests which can prevent it from acting in the best interests of the client it is supposed to serve. At the first sign of a change to the contract the builder will reach for a claim form and the effects—financial and otherwise—will be felt right down the line.

RSC had the benefit of advice from two sources: its conceptual architect Chapman Hanson and project management consultant Dearle and Handerson advocated a different way of

Roger Downing: concerned the method could get a bad name

bringing the new building into the world.

So, instead of paying a call on an architect, RSC and its advisors invited a number of management contractors for interview. A process of elimination reduced the list to a handful and these were asked to submit an outline design proposal, a cost plan for their own project, the fee they would want to design and manage the job and a construction programme. In this case Kyle Stewart won the job.

Apart from the contractual skills brought to bear in the design stage the management contractor offers one overriding feature to a project like this. He becomes almost by definition one of the client's employees and from now on controls the contract on the client's behalf. If his needs change so does the job and vested interests are not allowed to get in the way.

The design team is chosen according to suitability and the specialist sub-contractors by competitive tender. The management contractor controls all these people and they answer to him. "People engineering" is one apt description which is frequently applied to the concept.

By tight control of the whole process the management contractor cuts contractual and financial risk to a minimum. If the sub-contractors work within the system their profit is almost guaranteed. If any problems crop up the programme can be altered to catch up on lost time. If costs rise the client can ask for design changes to be made to keep the project within cost limits. In a word, the whole process is flexible.

Roger Downing is firm in his belief that only the management contracting philosophy can totally match up to the client's needs. He is equally firm in his assertion that it is not a panacea for the industry's reputation for poor performance and admits to having advised some potential clients that their needs might be better suited by sticking to tradition.

He also has distinct reservations about the attitude of some of his competitors who, he feels, could conceivably give the system a bad name. He can already see serious problems ahead if this reputation starts to spread.

"In 1968 in Nottingham a system was developed to match a demand," he explains. "The time-honoured way of doing things wouldn't have worked for Players in that case and the industry responded by adapting to the demand. But there are some signs that it's already going wrong."

"There are those who would like to see the art come down to a document—a standard form of contract. You don't need a document, you need a philosophy. You're selling a system and then a company and if you get it wrong you do serious damage to the reputation of both.

"The concept is showing signs of becoming sterile and hidebound—exactly the kind of thing we wanted to get away from in the first place. It is irresponsible to say that management contracting is the be-all and end-all of the industry but some people are saying exactly that to the detriment of good management contractors."

Identifiable

The areas where management contracting can score are not rigidly defined but they do fall into an identifiable group. Kyle Stewart's description of the group falls broadly into line with other experts in the field and is summarised under four headings.

● When the earliest possible start-date on site is vital. Almost invariably a new building project—or a refurbishment job—is part of a larger plan and once funds have been earmarked for investment the quicker they can be put to use the better.

● When the precise nature of the work can not be drawn out with exact precision. This is especially the case in conversion and renovation jobs where the unknown is always just around the corner. Flexibility—a buzz-word among management contractors—is essential in these circumstances.

● When the opinion, experience and expertise of a contractor are demanded during the design stage. There are numerous examples on record of jobs that went sour because the designer's vision simply failed to take account of the realities of the building process. The old method could not in any circumstances tap the builder's knowledge until he had been appointed, by which time it's too late.

● Where projects are so large, complex or of such abnormal duration that they tend to generate their own unique problems. Suspect decisions taken in the design stage simply have to be ironed out. Again, the old method does not lend itself to mid-stream alterations.

The management contractor movement in general could well rescue the construction industry's tarnished image if it is applied in the right way. But the message is quite clear: here is an alternative and better way of building. But if its protagonists try and change totally the state of the industry we will rapidly see a return to the bad old ways of inflexible working—exactly the opposite of the new wave's spirit.

Paul O'Farrell

How a million homes keep the cold out

CAVITY WALL insulation is now widely accepted as being the most cost-effective way of reducing energy loss from dwellings but there remain considerable differences of opinion about the best way to achieve this.

Home-owners in Britain have recognised the benefits and it is estimated that more than 1m dwellings are now insulated in this way, mostly with urea formaldehyde foam, a low-density cellular material with a consistency rather like shaving cream.

This is normally made on site by forming together in a compressed air "gun" a mixture of a water-based resin solution and a hardener which solidifies the foam. This is then injected into the wall cavity where it hardens and dries, creating a thermal barrier. In the course of drying the foam gives off a formaldehyde vapour, however, which can cause irritation to the eyes and nose if it permeates through the interior wall, which is more likely in timber-frame houses than all-masonry ones.

As a result of this problem, the use of this filler has been banned in the U.S. by the Consumer Product Safety Commission which said that it was too difficult to impose adequate safety control procedures and therefore saw no alternative to a ban.

However, it is accepted that a higher proportion of U.S. homes are of timber-frame construction and that the incidence of problems in the UK is low. According to the Building Research Establishment (BRE), there have been only 22 cases of immediate complaint per 10,000 installations, while the figure drops to four per 10,000 after eight weeks.

Materials

Dr Lyn Everett of the BRE said there were a number of materials which were commonly used as cavity wall fillers, each with certain advantages and disadvantages and also varying in cost. However, urea formaldehyde foam was by far the most popular and was generally being installed in a responsible manner by contractors. Many were members of the National Cavity Insulation Association.

The main advantages of this foam were its cost, normally between £150 and £200 for an average sized home, and its virtual safety from fire. However, its greatest disadvantage, aside from the risk of fumes, was its tendency to crack during the drying process.

Dr Everett pointed out that most outer walls allowed a considerable amount of water into the cavity, which normally drained away harmlessly. But the fissures in UF foam occasionally created a channel for this water to pass on to the inner wall, creating damp.

The second most widely used filler in the UK is rock fibre, although the number of installations is much lower than for UF foam, and the price of installation depends to a greater degree on location, because of the volume of the fibre and consequent transport costs. The cost for an average house is put at £200 to £300.

Polyurethane granules are another option, and this method is used more widely in the north of England. This material, however, has the disadvantage of being combustible and giving off toxic gases when burning, although in conventional walls it would normally be sufficiently protected from fire to avoid danger.

Polyurethane foam, formed in situ, also has this risk attached but like UF adheres strongly to masonry and does not shrink or crack significantly. Again, cost is also considerably higher than most other fillers.

Finally, expanded polystyrene loose fills can be used, with the advantage that they are free-running and normally fill a large area with minimal drilling of holes — though any gaps or holes in the interior wall will result in "leakage." Glass fibre is also used as an alternative to rock fibre, although it is less dense when installed and material costs are therefore lower.

Glass fibre

Cavity wall insulation is being installed increasingly during the construction of houses, although it then normally takes the form of glass or rock fibre slabs or expanded polystyrene board and is attached so as to remain in the centre of the cavity.

The BRE points out that these must be installed with considerable care to avoid serious problems later on which can involve the need to remove sections of wall. Wide gaps between adjacent slabs or boards must be avoided and any mortar droppings prevented or removed.

"Good site supervision is important to make sure that boards are restrained by the fixings against the inner leaf of the wall and do not lean across the cavity against the outer leaf," BRE said in a recent digest.

Another method of improving insulation is by means of a thicker inner leaf, although this has the disadvantage of reducing floor space and is generally favoured less than the use of other insulating material.

One of the inherent problems of all forms of wall insulation is the danger of creating a "cold bridge" or uninsulated area in any part of a building, perhaps at a point where masonry goes directly from outer to inner wall, with the result that moisture will form inside the building at that point.

With the installation of foam insulation there is also the risk that it will escape into the wrong areas, such as lofts and under floors, and this has often been the cause of complaints about formaldehyde fumes. In extreme cases these fumes can be neutralised by pumping in gaseous ammonia, although this is an expensive undertaking.

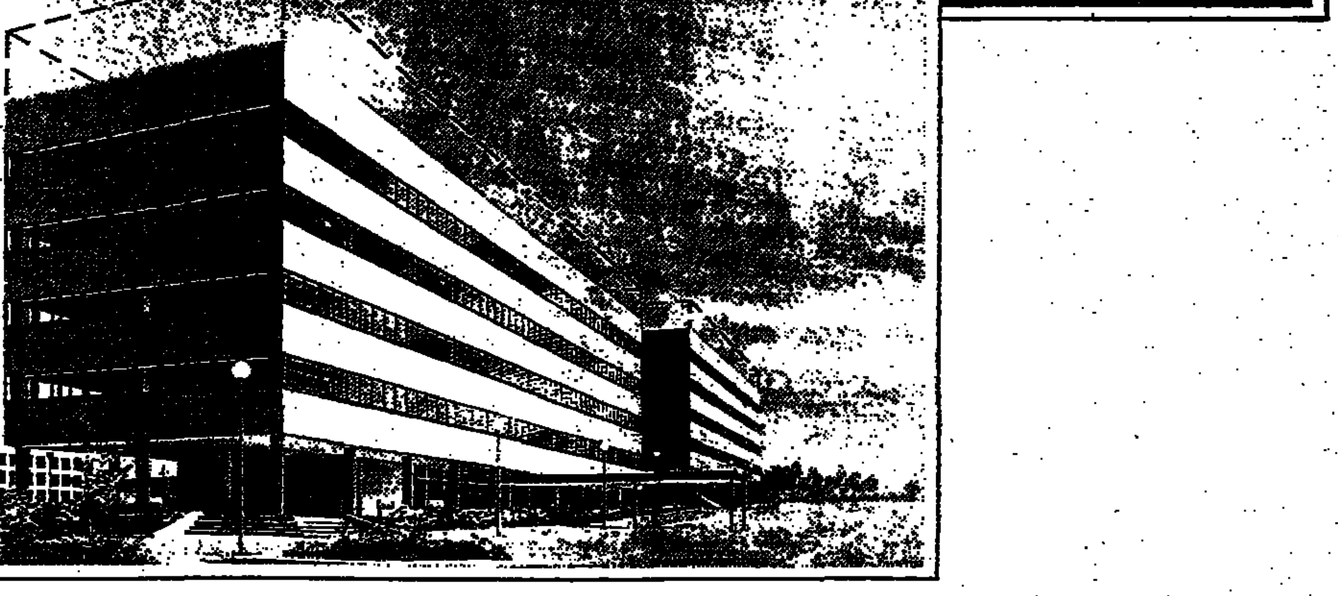
Overall, the BRE is satisfied that the risks of UF are acceptable, particularly since standards of installation are also checked by surveillance teams from the British Standards Institution who make random on-site appearances.

The BRE has also conducted research into the durability of cavity insulation and concludes that all materials currently in use should be expected to last the lifetime of the building without significant deterioration.

Fears about possible frost damage to outer walls as a result of higher moisture content are also discounted by the BRE, although where material is already damaged insulation of a wall can be expected to increase the rate of deterioration.

Lorne Barling

THE £½M SAVING ON THIS £3M CONTRACT COULD HAVE BEEN ANOTHER STOREY.



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Lovell

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Colin Amery reports that old-established management methods are under threat

Clients adopt a fluid approach

ONE OF the effects of the recession is the development of new approaches to the supervision and construction of building projects. Competition is in the air and old-established professional ways are having to make way for more effective and commercial approaches to secure contracts and put them into effect.

It is important to point out from the beginning that there is a new climate in the building industry. One of the most important changes is the removal of the formerly rather rigid divisions and demarcations that existed among the various branches. The old hierarchy which characterised the design team—with the architect at the top and the main and sub-contractors next in line—is almost a thing of the past. Clients with large or small building commissions on offer have adopted a more fluid approach. This reflects the new complexities of the building process.

Today it is impossible to adopt one form of management for a major building project. All building projects are subject to a wide variety of problems. From the very first stages of design clients have to be aware of the pitfalls of over-expenditure and the delays on the building programme that can be caused by labour disputes, shortages of materials and even the weather.

There are concealed difficulties in even the most straightforward design — functional faults do not always reveal themselves at the drawing board stage. All building operations from completely new buildings to renovations and maintenance contracts demand the services of professionals who understand their client's business performance and the prevailing economic climate.

While it is probably a truism to say that all building operations demand an individual approach there is always a need for good judgment and technical knowedge at a very high level. The failure of several building systems and prefabrication processes in the recent past has caused a major rethink of the initial selection and management processes.

Within the building industry there are professional advisers, contractors and a wide range of suppliers. All these elements of the building process bring with them a heavy army of skilled marketing men and trained negotiators ready and eager to convince clients that their approach is the best one.

Package deal

This can often be confusing, since each of these consultants looks at each project through a narrow focus. The building contractor sees a project as a test of his practical ingenuity while the architect may let considerations of design and aesthetics override all other matters. To resolve some of these complexities of the construction process a new interlinked series of professional skills are needed. Design-and-build, fee systems and project management are some of the newer approaches.

It is the package deal that many clients turn to if they are looking for speed in building. This special combination of a mixture of professional skills has within it the drawback that the client can lose sight of the advantages of the independent advice of one of the professions; for example, the particular trained design skills of an architect may get lost because he loses the independent relationship with his own client.

The traditional method by which most buildings are erected is by the appointment of an architect, quantity surveyor, and other consultants who develop a design before tenders are invited.

Under this system contracts are usually placed with the firm offering the lowest tender. This tendering and designing process is often a long one. The new and now much used system of management contracting provides a service which allows a client to retain his independent advisers and at the same time gain the advantage of an early start on site and a speedier completion of the job.

A management contractor is selected at an early stage in the design process and then appointed to manage the construction of a project. The choice is made on the strength of the firm's management expertise.

Project managers are specifically debarred from undertaking any construction work. Fees are paid to allow for off-site overheads and a fair profit; expenses for site supervision are reimbursed. From the earliest provision of temporary works and site facilities all aspects of a large project are divided up into a series of separate "parcels" which are handled by a series of sub-contractors, selected by competitive tender and working under contract to the management contractor.

This form of management allows for an early start to be made on site. Foundation work and piling can begin even while the design is in a fairly formative stage. A detailed master programme, often prepared by computer, sets the framework for the addition of a variety of different stages to be added to the project as it advances. This method, allowing for early starts on site, can save 12 or 18 months on the total programme.

There are clear advantages for developers. Completion dates can be advanced, buildings are ready for use at an earlier date and the advice of the management contractor can ensure that costs are saved on materials and a shorter design period.

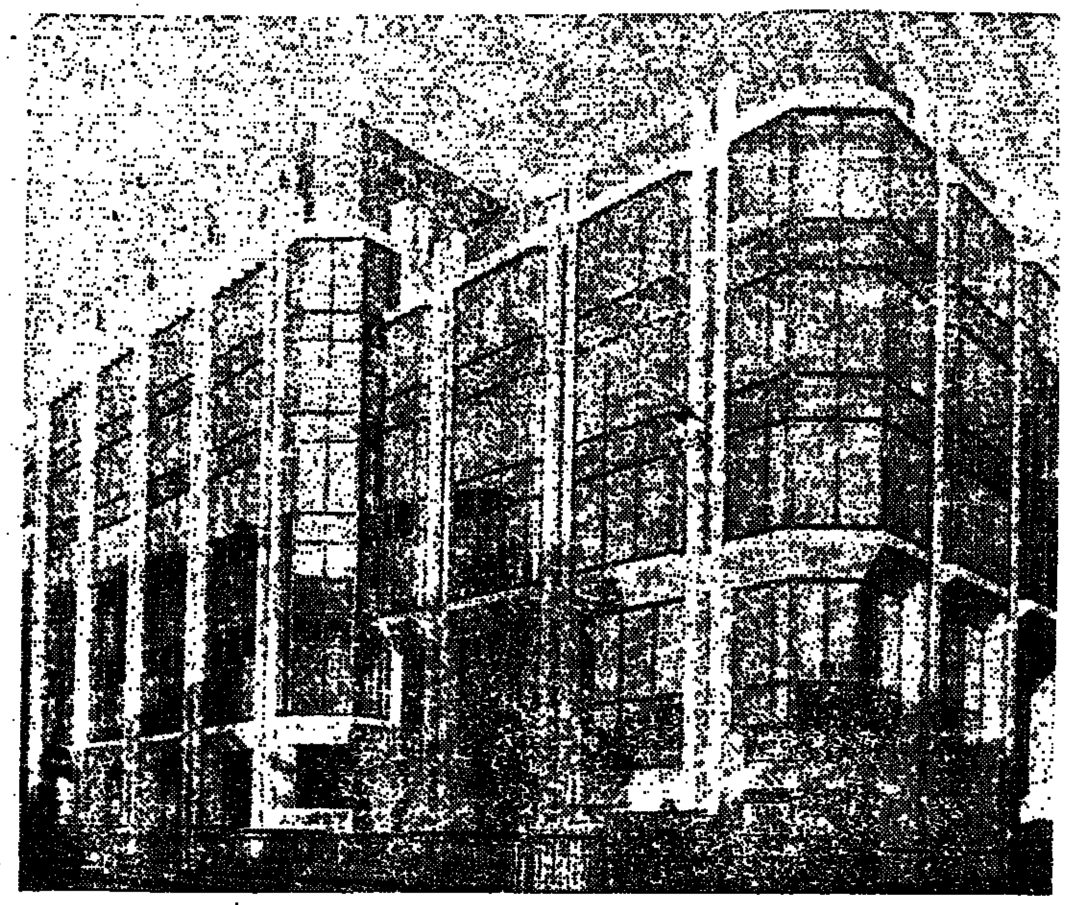
In a recent case of a public project being undertaken by the management contract method—the new civic offices for Chester le Street—work was able to start on site only seven months after the completion of the design brief. The design team for this scheme was led by architects Faulkner-Brown Hendy Watkinson Stonor and the management of the contract provided by Wimpey Construction UK. The building, which cost £4m, was completed two months ahead of schedule and £100,000 within the budget.

It is no ordinary town hall. It is designed as part of a pedestrian route through the town with a glazed arcade for pedestrians who can approach the council's inquiry desks for the separate departments as they walk through. It is a built version of "open" government.

Design-and-build is the other method to be employed in cases when the old-fashioned fee system is less used. To counteract some of the bad performance areas of the building industry—cost, time and quality control—design-and-build offers simple choices.

Under the control of an architect a small job is handled with short lines of communication, and with a small work team allowing for good human relations. This work team is directly under the control of a full-time on-site designer whose job is to ensure that good clear drawings and documents are readily available and easily understood by all members of the building team. It is particularly important that the designer and the builders understand the relationship between the details on the drawings and the labour time involved. There is always direct use of efficient trade contractors with no middlemen main contractors. Combined with the intelligent use of direct labour this gives the designer total responsibility for all his decisions. The system leaves fewer opportunities for breaks in communication and usually ensures a good relationship between the designer and the client.

While many large companies and public bodies have their own in-house design teams the choice for most building projects lies between the use of a project management method and the traditional way of using a variety of consultants and a building contractor. The client must always have the last word but the newly developing links between all the building professions gives him a choice that is realistically based on both design skills and economically efficient management contracting.



New bank buildings in Cannon Street, London, fitted out under a £1m management fee contract by John Lelliott for Midland Bank. The company, which specialises in refurbishment work, has also recently completed a £3m management fee contract at St Magnus House, Lower Thames Street, London

SOURCES OF INFORMATION

Agrement Board Organisations
P.O. Box 195, Bucknalls Lane, Garston, Watford WD2 7JR.
0927-3 70844.

Aluminium Federation
Broadway House, 60, Calthorpe Road, Five Ways, Birmingham B15 1TN.
021-455 0311.

Brick Development Association
Woodside House, Winkfield, Windsor, SL4 2DX.
034-47 5651.

British Constructional Steelwork Association
92-96, Vauxhall Bridge Road, London SW1 V2RL.
01-834 1713.

British Plastics Federation
5, Belgrave Square, London SW1 8PH.
01-235 9483.

British Standards Institution
2, Park Street, London W1A 2BS.
01-629 9000.

British Woodworking Federation.
82, New Cavendish Street, London W1M 8AD.
01-580 5588.

The Building Centre
26, Store Street, London WC1E 7BT.
01-637 8361.

Building Cost Information Service.
85-87, Clarence Street, Kingston-upon-Thames, Surrey, KT1 1RB.
01-546 7554.

Building Services Research and Information Association (BSRIA)
(formerly Heating and Ventilating Research Association) Old Bracknell Lane, West Bracknell, RG12 4AH.
Bracknell (0344) 25071.

Building Research Establishment.
Garston, Watford, Herts.
09273 74040.

Cement and Concrete Association Advisory Division.
Wexham Springs, Slough SL3 6PL.
Fulmer 2727.

Chartered Institute of Building
Englemere, Kings Ride, Ascot, Berks, SL58BJ.
Ascot (0990) 23355.

Chartered Institution of Building Services (CIBS)
Delta House, 222, Balham High Street, London SW12 9BS.
01-675 5211.

Construction Industry Research and Information Association (CIRIA)
6, Storey Gate, London SW1P 3AU.
01-222 8891.

Institution of Civil Engineers
1-7, Great George Street, Westminster. London SW1P 3AA.
01-222 7722.

Institute of Housing
12, Upper Belgrave Street, London SW1X 8BA.
01-245 9933.

Institution of Structural Engineers.
11, Upper Belgrave Street, London SW1X 8BH.
01-235 4535.

National Building Agency
NBA House, 7, Arundel Street, London WC2R 3DZ.
01-836 4488.

National Federation of Building Trades Employers
82, New Cavendish Street, London W1M 8AD.
01-580 5588.

National House Building Council
Chiltern Avenue, Amersham, Bucks, HP5 6AP.
Amersham (02403) 4477.

National Physical Laboratory
Queens Road, Teddington, Middx, TW11 0LW.
01-977 3222.

Royal Institute of British Architects
66, Portland Place, London W1N 4AD.
01-580 5533.

Royal Institution of Chartered Surveyors
12, Great George Street, London SW1P 3AD.
01-222 7000.

Timber Research and Development Association
Stocking Lane, Hughenden Valley, High Wycombe, Bucks, HP14 4ND.
Naphill (024 024) 3091.

Warren Spring Laboratory
P.O. Box 20, Gunnels Wood Road, Stevenage SG1 2BX.
Stevenage (0438) 3388.

Marketing success

CONTINUED FROM PAGE ONE

emerge for the contract price to be adjusted and, possibly, the completion date amended. As a result, the tender price is regarded by the contractor as a starting price which is liable to continual review at every opportunity.

But while critics of the competitive tendering system claim it is wasteful and certainly not in the best interests of the client, tradition counts for a great deal in construction and many clients remain convinced that the best way of getting value for money is via the open tendering process.

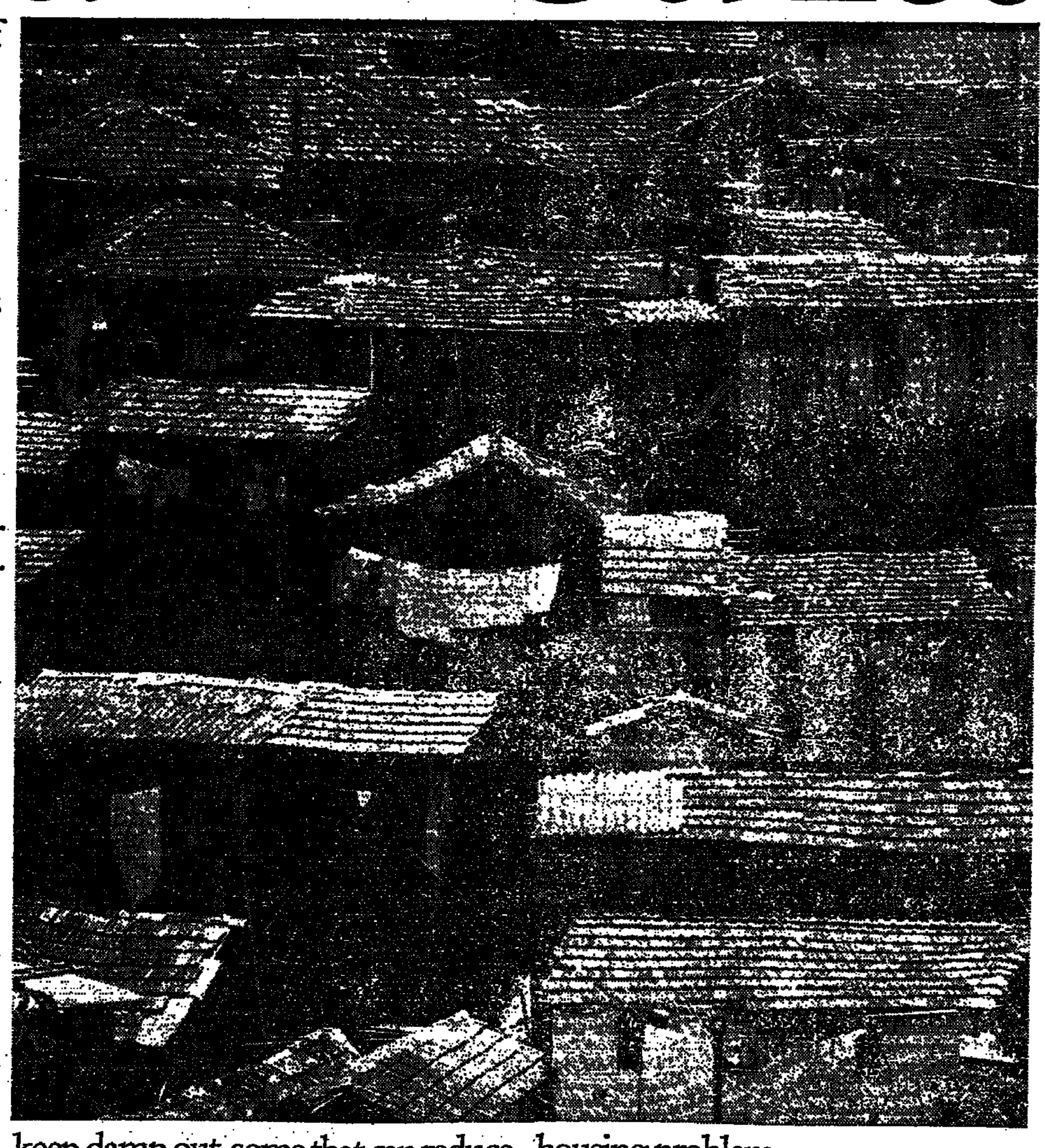
As for those areas of construction which represent the greatest medium-term potential, the industry's recent efforts in the housebuilding sector warrant some praise. The housebuilders have not always shown a clear understanding of prevailing market conditions or of the preferences of potential customers but this time their performance has been creditable.

The contractors have picked their markets carefully, building at a price and in a style designed to match prevailing demand. As a result, they have generally managed to sustain reasonable profit margins on a historically low level of sales.

Good marketing has been an essential ingredient in the private housing sector's recent success and, whilst other areas of construction might not lend themselves so easily to the same sort of promotion, there is clearly scope for applying the same principles in other directions.

In terms of outside help, what the industry would really like to see is a substantial injection of public sector cash directly into its marketplace. It is only too well aware, however, that the political party most likely to consider such an approach has other, less palatable, designs upon the construction sector.

Housing the homeless isn't difficult.



You see here how the homeless of one country deal with their hopeless situation.

Such a solution in this country would not be tolerated.

As a result, Britain's housing problem is nowhere near as visible.

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Thousands of people live in places where condensation streams off the walls.

Places where the toilet is out the back. And a bath is out of the question.

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As a country, our record of providing sufficient good homes can be a source of little pride.

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British Gypsum Offices. Telephone; Gravesend 534251, Glasgow 445 3861, Belfast 779264, Penrith 63781, Nottingham 214111, Bolton 31741, Erith 41122, Bristol 774251. British Gypsum is a member of the BPB Industries Group.

BUILDING METHODS AND MANAGEMENT IV

Recession has taken its toll on the building industry's supplies sector and managers have had to take some tough decisions to survive. There is, however, cautious optimism that business will improve next year. Companies are ready and eager to deal with any upturn

Concrete slump prompts spate of takeovers

The 16.2 per cent fall in ready-mixed concrete production since the mid 1970s has prompted a spate of takeovers as companies look for ways of broadening their activities and gaining greater control over aggregates supplies. Four such deals have taken place in the last seven months. They have brought about a sharp re-orientation in market shares.

Tarmac shot to number three in the rmc league and became the UK's largest aggregates supplier after the £40m purchase last year of the Hoveringham Group sand and gravel business. Its own quarry products division showed a record £25.5m profit over £24.2m in 1980 and this year should see further progress.

Successful

The slump hit Amey Roadstone Corporation's profits last year but in April the company enhanced its position as the largest UK producer of construction materials with the £37.6m cash purchase of Blue Circle Aggregates. This was part of parent company Consolidated Gold Fields' policy of strengthening UK natural resource investments. It also led to ARC Marine acquiring Westminster Gravels from Royal Boskalis Westminster of Holland.

Redland's failure to buy Hoveringham last year led it to a successful £139m bid for the diverse operations of Cawoods Holdings. The deal adds spice to Redland's rmc and aggregates business as most of Cawood's £322m turnover *comes from fuel distribution.* Even so, sand and gravel, rmc, builders' supplies, road materials and concrete products provided £51m of Cawoods' turnover and contributed about 30 per cent of its £13.5m group profits in 1980-81.

Behind this flurry of activity, however, rmc deliveries went down to their lowest level for 15 years and market leader Ready Mixed Concrete surprised no-one when it showed £23.4m profits on its UK trading against £27.9m in 1980. Despite the squeeze on volumes, the company held its market share and showed a modest upturn in margins on slightly higher sales in the second half.

There are indications that this year could be the beginning of the end of the recession and companies hope to see beneficial effects in the second half from the budget and lower interest rates. According to some forecasters, if all goes well Ready Mixed Concrete could see profits on its UK concrete and aggregates business climb to a total £21.7m from last year's £19.1m.

As the recession has in some cases reduced capacity so it has discouraged investment in new plant. The coated materials companies have fallen behind their U.S. counterparts which are using labour-efficient drum mixers in road maintenance work. ARC, on the other hand, is spending £3.5m on introducing fluidised bed combustion furnaces at its blacktop plants as part of an energy-conscious switch from oil-fuelled heat to coal.

Merger

The restructuring within the sector gave rise last month to a new trade association, the British Aggregate Construction Materials Industries (BACMI), through the merger of the Asphalt and Coated Macadam Association and the British Quarrying and Slag Federation. Its initial membership—Tarmac, ARC, Redland, Pioneer Holdings, Tilcon and English China Clays — reflected the way in which the interests of hitherto disparate companies had combined.

BACMI now has 36 members and claims already to represent 60 per cent of the sector's estimated £2bn turnover. As soon as it secures the affiliation of Ready Mixed Concrete its membership is likely to climb quickly to more than 100, giving it the authority it needs to confront the Government on the key issues of roads, housing and inner cities. In the words of Mr Robert Phillipson, Director-General: "This part of the private sector has suffered enough."

Roger Hogan

Brick sector ready for take-off

The UK brick industry is dominated by five main suppliers. The giant, London Brick, controls around half of the market, with the others accounting for almost 40 per cent more. Hanson Trust-owned Butterley Building Materials and Ibstock Johnsen expect to notch up around 12 per cent each in 1982, with Steetley accounting for a further 8.5 per cent, aided by its acquisition of G. H. Downing last year. Redland trails at five per cent, even after this summer's purchase of the Stourbridge Brick Company for £4.1m.

The companies tend to specialise in particular areas of the market. For example, Steetley leads in production of special quality facing and engineering bricks, used in harsh weather conditions or wherever durability is essential.

Market shares have also been affected by the recent swing to facing bricks, as opposed to load-bearing common bricks, a result of the increasing use of timber-frame techniques in housebuilding. In general it is the companies which still produce a high proportion of common bricks which have been forced into the most stringent rationalisation.

London Brick, for instance, although it makes around two thirds facing is still the largest manufacturer of commons. It laid off around 2,100 people during 1981 and the start of 1982, representing 25 per cent of its workforce directly engaged in brick making. The company also closed its Ridgmont plant in Bedfordshire, an expensive move which caused nearly 1,000 redundancies but enabled its remaining plants to revert to full-time working.

Chairman Jeremy Rowe has recently noted, however, an underlying improvement in demand. The company is on the point of announcing a major re-organisation to create a new building materials company which as well as selling bricks through its usual distribution network will increase LB's penetration into other areas of the materials market. It also plans to rebuild Ridgmont.

Competitors

London Brick does have one ace in the hole; it produces entirely fletton bricks from clay mined locally which needs far less energy to bake than normal.

Of its competitors, Ibstock Johnsen, the so-called "Rolls-Royce of UK brick makers" which manufactures exclusively high quality facing bricks, has recently reported dismal results. It diversified overseas in the 1970s, with a lack of success which is highlighted by the £1m loss made in the U.S. in the first part of 1981. Continental operations have not gone well either and a loss-making plant in Belgium was sold at the end of 1980.

The UK side has shown considerable resilience, helped by the fact that it relies on the volatile housing sector for only 50 per cent of its sales, against an industry average of more than 75 per cent. Despite the mothballing of one of its 11 plants it still saw a one per cent increase in dispatches in 1981 against a fall of four per cent in the facing market generally.

Derby-based Butterley is the largest UK exporter of facing bricks and has had a good spell in the past couple of years. The Hanson Trust has continued to invest in modern brick making plant, as well as keeping an eye open for possible acquisitions —it allowed its own offer for Downing to lapse once Steetley entered the fray.

Prospects for the industry are good—in fact, some analysts have suggested there may be a brick shortage if the projected housing boom gets under way. Deliveries for the past two years have been poor—they started to fall in 1979 and reached a low of 3.6bn last year. But a figure of 3.8bn is expected for 1982 despite the difficult winter, and the Building and Civil Engineering Economic Development Committee was recently optimistic enough to revise upwards its forecasts for total housing starts this year up from 155,000 to 170,000. Most closed plant in the brick making industry has been mothballed rather than broken up and the industry is in good shape to cope with any take-off in the housing market.

Martin Waller

UK market may never be the same again

Cement consumers look overseas

IN SOME respects the recession has been like an invigorating cold shower for the cement industry. Sales in the UK have dropped a massive 35 per cent since the early 1970s and companies have reacted by cutting production costs, diversifying their profits base and looking for new investment opportunities overseas.

Rugby Portland Cement, the second largest in the market after Blue Circle, has adapted better than most to the slump in domestic demand. It scored a record £14.3m profit in its UK cement trading last year over £13.4m in 1980—largely as a result of its "leaner and fitter" approach. It took away some of the market from Blue Circle, whose 17 per cent fall in UK cement profits was offset by a boost in its overseas operations.

When Lord Boyd-Carpenter became Rugby's chairman in 1976, annual deliveries in the UK were, at 15.5m tonnes, running uncomfortably below the average 17.7m tonnes of the previous five years. Almost immediately the company began looking for ways of reducing production costs and bringing capacity in line with falling demand.

The first target was the hefty 40 per cent slice of manufacturing costs attributed to energy consumption, especially through the traditional use of coal-fuelled heat to dry the slurry during the production process. The company invested £25m in turning over its Rochester works to the new "semi-wet" process and the plant has now doubled its capacity on a mere 20 per cent increase in fuel bills.

While these improvements in capacity and costs put the company in a good position to take advantage of the upturn in construction when it comes, the recession is throwing more emphasis on packed cement than on bulk as the proportion of repair and maintenance work to new building increases.

Rugby is catering for this shift in demand by improving its standards of service and distribution with the introduction of automatic loading and palletising facilities. Next month it turns its Lewes, East Sussex, works into a depot with the loss of 50 jobs and a further 46 jobs will be shed at the same time with the closure of the kilns at its Warwickshire base.

Single plant

Contraction is not the whole story, however, and in January last year the company made its first venture into the United States with the purchase of one third of the capital of U.S. Cement. The $5.1m (£2.1m) deal brought with it subsidiary Hercules Cement which has a single plant operation in East Pennsylvania but is not expected to show substantial profits before next year.

The commissioning of the new-look Rochester works in mid-1980 helped to keep Rugby's profit margins steady at just under £7 per tonne and its response to the demand for bagged cement accounts for the increase in market share from 16.25 per cent to more than 17 per cent. Blue Circle, whose customers include a high proportion of big site buyers, lost 5 per cent of the market.

It remains to be seen how Rugby will cope with the inevitable backlash from Blue Circle and, more importantly, Rio Tinto-Zinc which acquired nearly 20 per cent of the market earlier this year with the purchase of Thos W. Ward and Tunnel Holdings. RTZ has started in earnest to integrate its cement activities and last year cement played an important role in Tunnel's 48 per cent rise in pre-tax group profits.

Blue Circle has also updated its plants and diversified with the acquisition of sanitaryware manufacturer Armitage Shanks and subsequent involvements in the U.S. Its £750.3m turnover dwarfs Rugby's £144m and overseas interests took pre-tax profits up 32 per cent last year to £104.1m. Some pundits predict that they could boost the figure to more than £200m in 1985.

Despite the success in maintaining healthy balance sheets, there is a growing feeling that the market in the UK may never be the same again. The 24 per cent price increase forced upon customers in 1980 drew strong protest from the concrete product manufacturers and many are looking seriously at the prospects of importing supplies from Europe. The effect of foreign competition on the cement industry's own doorstep is as yet incalculable.

R. H.

Timber importers move into softwoods

THE MOST important development in the timber market in recent months has been the proposed defensive merger between the UK's two largest independent timber importers, Montague L. Meyer and International Timber. The merger, still awaiting a decision from the Office of Fair Trading on a referral to the Monopolies and Mergers Commission, would create a new group controlling around 15 per cent of the UK imported softwood market.

The deal has been born out of weakness on both sides, with only International Timber scraping up a small profit last year. It highlights the extra problems facing the extremely fragmented timber industry in the UK over and above those caused by the recession.

Recent years have seen a strong move away from the traditional decorative hardwoods among UK consumers and into the softwoods from North America, Russia and Scandinavia. But during the 1970s these overseas suppliers realised the advantage of setting up their own outlets in this country and cutting out the British middleman. This kind of vertical integration has meant that around 50 per cent of Sweden's softwood imports to the UK now pass through a Swedish distributor, as against around 5 per cent at the start of the 1970s.

This has badly hit IT and Meyer, along with the next two largest independents, Hollis Bros and ESA and May and Hassell, and could hardly have come at a worse time for them, coinciding with a drop in sales caused by the recession. Softwood consumption in the UK fell from just under 7m cubic metres in 1979 to slightly more than 5.5m in 1981.

The industry has reacted by trying to diversify its operations as well as by the familiar stringent rationalisation programmes. The pure timber importer, above a certain size, has long been extinct; companies have always tried to expand vertically by adding to the value of their imports, whether by cutting and planing them or by manufacturing something out of them.

But the success story in this field, Magnet and Southerns, has been a spur to the others. The product of a merger in 1975, it imports timber and makes doors and windows, retailing these direct through its network of more than 200 depots. It has shown a steady and enviable growth in turnover and profits in the past five years, successfully bucking the trend of the recession despite a slight hiccup in 1981.

The recent rise in popularity for timber-frame housing affords similar opportunities to its competitors, especially if this coincides with the expected private housing boom in 1982 and 1983. Meyer and International Timber, along with John Carr (Doncaster), which supplies Midland local authorities and private builders like Barratt and Wimpey, have made inroads into this increasingly important market.

Most rationalisation within the industry has come less through company collapses than by contraction and closure of depots. IT has cut its workforce by 25 per cent over two years, as well as selling redundant property. Its manufacturing division was forced to switch to a four-day week for part of 1981. Meyer made a similar cut in employees and closed its Crosby Windows factory at Gloucester along with three of its eight UK packaging factories.

Further mergers are perhaps unlikely—it has even been suggested the Meyer-IT deal, as well as favouring Meyer, may not actually have the required restorative effect. But a large raw materials conglomerate may well step in and take over one of the importers, much as Brooke Bond Liebig grabbed Mallinson-Denny at the start of 1981.

M. W.

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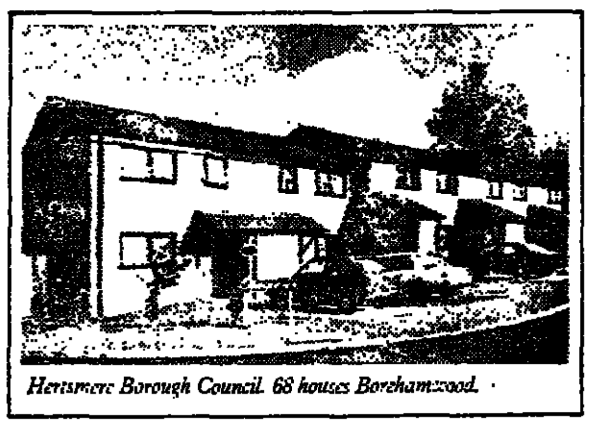
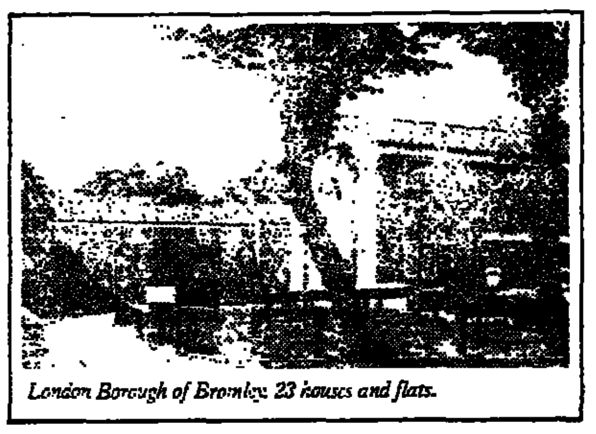
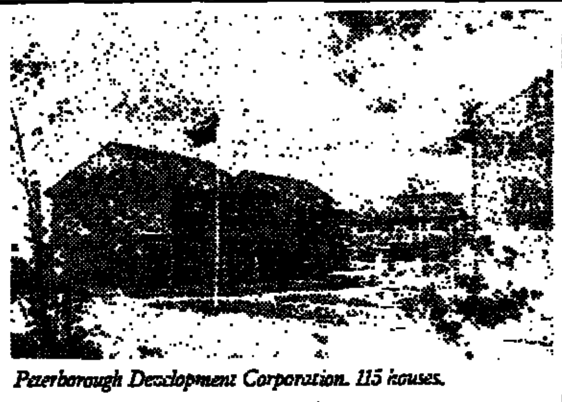


Hertsmere Borough Council. 68 houses Borehamwood.

Tonbridge & Malling District Council. 39 houses Tonbridge.



London Borough of Bromley. 23 houses and flats.



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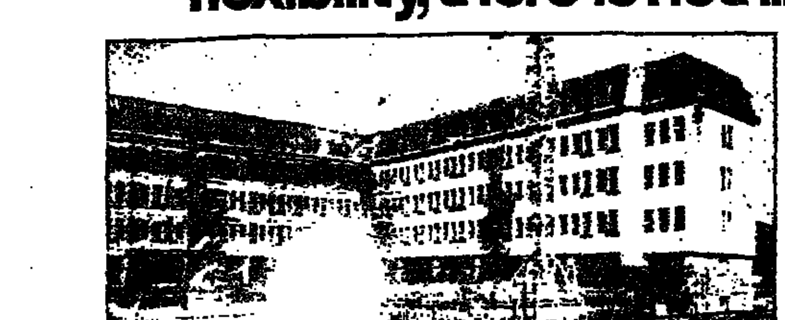

Metropolitan Borough of Calderdale—
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T6 Frame & Cladding by Trent.
Architects: Borough Architect's Dept.
Contractors: Mowlem Northern Ltd.

Office Development, Orpington.
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Architects: W. R. L. Jenkins & Associates.
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Colin Amery reports that changes cover all areas of working life

Architectural profession in turmoil

NO ONE can be in any doubt that all those who operate in the building business are doing so in a new professional climate. Certainly the architectural profession is in a turmoil of unprecedented change.

The changes cover all areas of an architect's working life—his fee scale is now open to tender, his Conditions of Engagement have been revised and the Code of Practce radically altered. All these have been brought about by the growth and changes in allied professions, particularly the surveying profession, which has taken away from architects many of their traditional functions.

The most important change that directly affects the nature of architectural practice is the revised Code. Early last year the ban was removed on practice in the form of limited liability companies. It is now possible for architects to make direct approaches to potential clients, although they cannot take out an advertisement in newspapers or magazines. They are also allowed to have a direct interest in property development companies, manufacturing and contracting businesses.

The Architects Registration Council for the United Kingdom (ARCUK) now provides "a common standard of conduct" for registered architects. Unlike the recently introduced Architects' Code of the American Institute of Architects, the British code is not as voluntary and does place as much emphasis on individual conscience. It has taken nearly two decades of discussion to relax the Code which suggests a considerable body of resistance.

Conditions

More wide-ranging in their effects may be the new Conditions of Engagement, which offer both architect and client a wider range of work methods and project control. Mrs Sally Oppenheim's decision on the Monopolies Commission Report has led to the disappearance of the mandatory fee scale. Architects are free to tender competitively against each other—the results of this in terms of building quality are something to be watched with concerned interest.

It is worthwhile, in the light of all these changes, to look at the nature of professionalism. The origin of the code of practice lies in the nature of the service provided by architects, surveyors and engineers. The client for these services cannot sample them before he buys them. It is therefore essential that he should be able to call upon advice that is independent, disinterested and from an ethical standpoint above reproach. The professional by these older arguments should have no monetary interest in the sale of his services—beyond a reasonable fee.

Has the nature of the "professional" then changed? No one would argue that a great deal of professional standing relied on a mystique that has been dispersed. Changes in the nature of society have meant that the professional, whether architect or lawyer, is no longer a member of an isolated class.

There have been such considerable changes in the nature of the industry concerned with building that this has affected the standing of the professional. Builders are no longer a cloth cap brigade with cigarettes behind their ears. Instead they have become managers who are highly qualified at putting together sophisticated components.

The profession has become separated both by the rise of the highly qualified "manager builder" and by the proliferation of sub-contractors, manufacturers and suppliers, all of whom by their skills control a great deal of the building process.

The spread of regulations, laws and bureaucratic controls has also weakened the professional's hand. Building regulations, planning committees, the Royal Fine Arts Commission, public inquiries, standard controls, safety regulations, sanitary rules and a host of other restrictions have reduced professional influence and responsibility.

Changes in the nature of the contractual side of the building business means that negotiations, package deals and management contracts have become so complex that architects need lawyers, arbitrators, accountants and even underwriters to sort out their professional responsibilities.

Special breed

The decline of the architect as a professional may in fact go back to the establishment in the last century of the Royal Institute of British Architects; this created architects as a special breed concerned with style and taste. This in its turn led to the architects losing control of the surveyors and the building industry.

In his professional isolation it was possible for the architect to leave the control of actual building to the contracting industry. Experimentation in structures was left to the engineers and the all-important control of costs to the surveyor. This is open to argument. Architectural education is intended to produce a man with technical, aesthetic and administrative skills but the increase in specialisation has cut off architects from the very essence of building.

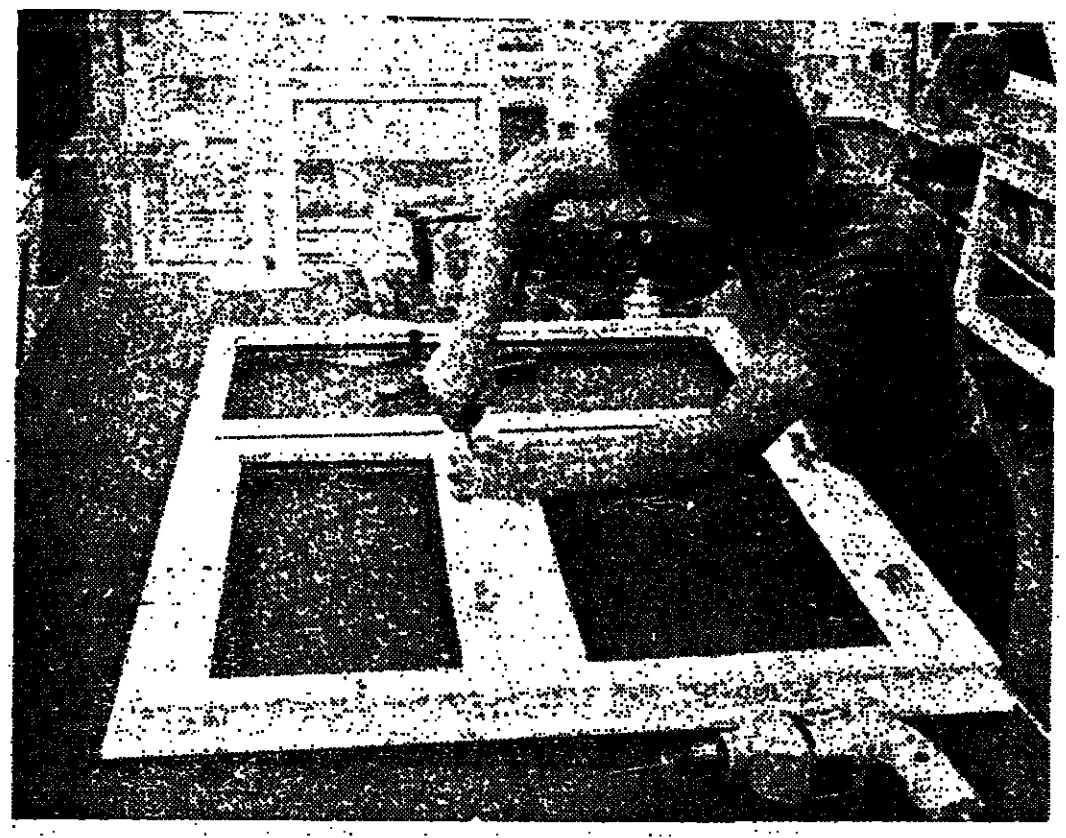
Architects will probably never assume the automatic leadership of the building professions that they were once educated to expect. Building has become too complex and at the same time too commercialised for any but the most brilliant architect to make a large impact.

What is more likely in the future is that the profession will move in two separate directions. A certain kind of architect will move closer to his clients, serving individuals rather than the corporations and committees of industry and government. The remainder, freed by the new code, will move into speculative work and development, using their design skills to maintain standards.

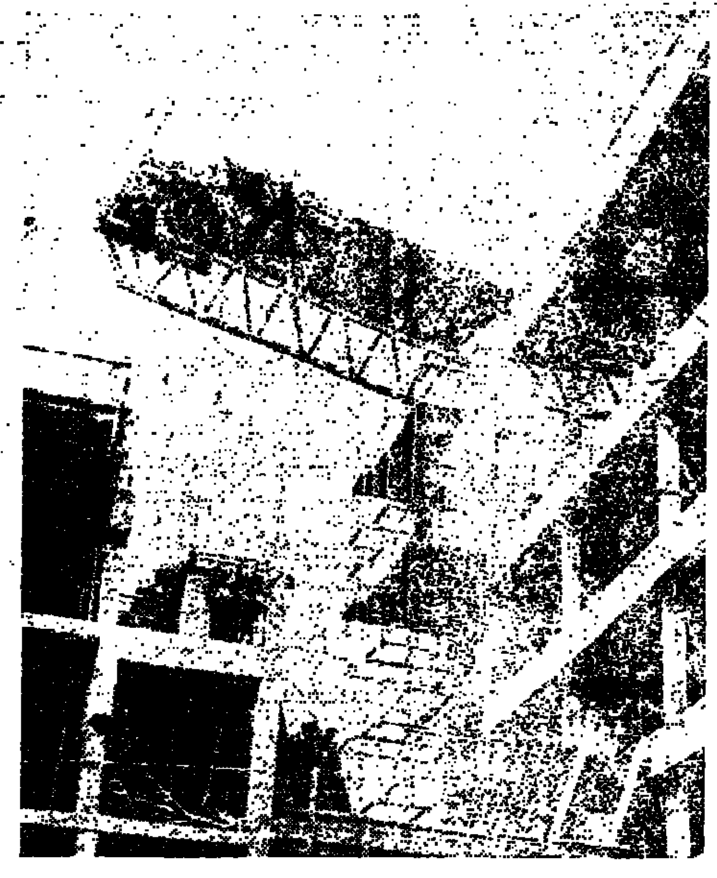
New technology, the influence of computing techniques on design and the vital growth of energy conservation are all influences that will affect the professional's contribution to the environment. Internationalism is also bound to affect the way architects and engineers apply their professional standards to the seeking of work and their organisational performance.

It is vital that the architects and their colleagues in the other building professions move more closely together. All trainees in the building profession should have practical experience of actual building techniques as well as shared experience in the design process.

Recently one architect described himself in a schizophrenic vein as a multi-disciplinary entrepreneur and an over-qualified navvy. The new professional freedom certainly makes it possible for architects to choose their level. They would find it easier to retain their clients' and the public's confidence if they continued to retain their professional expertise to ensure a disinterested competence. In the years ahead more competition should not mean freedom to lower standards of design.



Plastic window frames made from BIP Vinyls Beetle PVC compound being fabricated. Plastic could account for 25 per cent of the window frame market in the UK by 1985 with production running at 2m assemblies and consuming 35,000 tonnes of PVC, according to one recent estimate.



The flying deck form system in operation

New aids cut access problems

THE CONSTRUCTION industry suffered severely last year with a drop in output of 12 per cent in volume and a severe squeeze on margins. The result has been to concentrate the industry's attention both on new methods of building aimed at saving time and money, and on new aids to simplify the construction process.

One major problem on modern sites for which solutions have had to be sought is access and here among the most ingenious systems devised has been the flying deck form system.

This was developed in the U.S. and is being used more widely in the UK. The deck form is used for laying the concrete and the Acrow Form-Eze, one of the deck forms on the market, is designed to handle beams in conjunction with slabs without difficulty.

The whole system does away with the need for scaffolding. The concrete slab is simply flown into place.

Acrow Engineers, say a minimum four or five storey building is needed to make the system worthwhile. The system is not only applicable for high rise projects but also for repetitive lower level buildings.

Flying platforms were regarded initially with some suspicion in the UK, but that initial scepticism appears to have been overcome. There are significant savings on labour—important because of the possibility that the UK construction industry could be faced with a skill shortage when demand picks up again. A National Economic Development Office working party paper recently cast doubt on the ability of the industry to cope with a sudden take off in activity.

While the flying deck platform is produced by several of Acrow's rivals, the company believes it has stolen a march over them with the introduction of a lightweight aluminium formwork system. The system called a Standard A Form Panel is aimed at refurbishment projects where space is limited and where the fact that one man can carry the panel gives greater flexibility to the way the project is carried out.

The Standard A Form panel is 40 per cent lighter than equivalent steel panels and is easily transported, handled and stored on site.

The system is designed particularly for projects where space is limied.

Platform

Another space saver is the Anticlimber system. Work can be carried out where the alternative would be to erect a scaffold around the building. The sheath consists of a rack and pinion driven climbing work platform. A steel lattice mast is fixed to the building at 7.5 metre intervals and a platform up to 16 metres long—with its own electrically powered drive unit—climbs up the mast at the rate of nine metres a minute. A continuous platform around the perimeter can be provided by erecting similar units. Work can be carried out at different levels with rapid changes of level with no inconvenience to the building's occupants.

Various other product innovations have also appeared over recent years. The concrete makers, for example, are pinning great hopes on block pavers—blocks the size of flettons which can be moulded into virtually any shape and which have high stress properties for bearing weights. The window market is another centre of product innovation and the traditional softwood frame has been challenged by a wide range of materials such as galvanised steel, plastics and aluminium.

But while speed building systems, new panels and on site storage units have changed the appearance of the building site—and incidentally speeded up work and boosted efficiency—one of the most significant aids, the computer, remains out of sight.

Services, circulation, energy controls and schedules are obvious applications for computer analysis and there has been an increasing tendency for smaller companies such as architects and subcontractors to use them. The main advantage is seen as help with tendering work—a crucial area in the recession and doubly so in a recession where the building sector provides one of the highest rates of business failure.

Gareth Griffiths

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ASTRON

BUILDING METHODS AND MANAGEMENT VI

The buyer of a new home needs to be able to sort out the competing claims of timber and concrete block. Rhys David reports.

Row sparked after arrival of newcomers

CRACKS HAVE been appearing lately in the building industry's facade following the appearance of what are considered to have been rather ungentlemanly remarks by one sector about the products of another.

Alarmed by the rapid growth of timber-frame housing the manufacturers of the rival brick and block products have hired a public relations advisor, launched a campaign for "traditional" housing and in two widely distributed publications queried whether the new system was as good as the claims made for it.

Bluntly, the brick and block people have been asking whether timber frame is not more susceptible to rot, fire and insect attack, whether it is likely to represent such a good investment for houseowners over the long term, and, indeed, whether the adherents of timber frames are making it as clear as they might to potential buyers the form of construction that has been used.

For its rejoinder the timber frame side has been to the Code of Advertising Practice, citing as objectionable and misleading the literature put out by the brick and block manufacturers' Housebuilding Advisory Bureau. *In a draft ruling the code's* secretariat has come down on the side of the timber frame manufacturers but its findings *are being challenged by the* campaign and the argument is clearly not over.

From only 8 per cent of the *market in 1974 timber frame* has risen to claim around 25 per cent of new housing starts in the UK, which if not as large a share as some advocates—at one time forecasting a 50 per cent share by 1982—would have liked, is still impressive. The conversion of some of the big groups—Wimpey and Barratt among them—is also apparently substantial, with both now moving towards the use of timber frameon the bulk of their starts.

In Scotland where the housing market has tended to be influenced by practices in Scandinavia—a long-established user *of timber-framing—the proportion* is much higher than in the rest of the UK at more than 50 per cent of new starts.

Timber frame has achieved this rapid penetration, partly, the brick and block suppliers are prepared to admit, because of their own failings. "Traditional methods of house-building are so familiar they tend to be taken for granted. Construction methods develop over the years and become established without any inquiry being made into whether or not they could be improved. Traditional housebuilding has stagnated to drift into a Cinderella position in the building skill league, largely passed over by innovative thought and development effort." *So says Paul Marsh, the* Housebuilding Advisory Bureau information officer and himself an architect.

The opportunities for a brand-new product in a rather complacent market were spotted in the mid to late 1970s by Cana*dian producers of timber whose* main outlet, the U.S., was beginning to contract as a result of recession. The key advantage *they were able to offer to* builders was financial. Though the material is no cheaper than brick and block its use does *allow builders to complete* houses much more quickly. This enables financing costs to be cut drastically—a very important *selling-point* at a time of rapidly rising interest rates.

From concrete slab—the basic starting point for the modern *house—to completion* a timber frame dwelling can be erected in eight weeks, compared with up to 20 weeks for a conven*tional house. As soon as the* frame has been put up the roof

> **❛ From concrete slab to *completion* a timber frame dwelling can be erected in eight weeks compared with up to 20 weeks for a conventional house ❜**

can go on and once the house is waterproof tradesmen can go in to instal plumbing, electricity and other services. All the *while the bricklayer can be add*ing a largely cosmetic outer coating of bricks. Crucially, all these operations can be carried out to fit in with the *availability* of craftsmen. In a conventional house the sequence of events is altogether much more rigid.

"Shortages of skilled tradesmen such as bricklayers can often be a problem on housing sites. With timber frame, premanufactured panels are supplied to the builder on site and can be erected with relatively unskilled labour," Mr Gavin Sharpe, group marketing manager of Powell Duffryn Timber, one of the leading suppliers of *timber frame systems*, points out.

"With timber frame the builder can put up a show house *and invite prospective* purchasers to select the plot of their liking. By the time they have obtained their mortgage and the paper work is sorted out with the solicitor the house will be ready," one builder using timber frame says.

Once inside, the new buyer does not have to wait to decorate. The interior is dry-lined with plasterboard rather than wet plaster—another reason for the speed of construction.

The main asset likely to be impressed on the customer, however, is the fuel bill savings as a result of the insulation properties of the sandwich of materials used in timber frame walls. This is well able to meet the new insulation requirement —a maximum U value for domestic walls of 0.6 W/m^2 Deg. C. compares with the previous 1.0) which became man*datory in Britain for new dwel*lings from April 1 this year.

Yet for all these selling *qualities there appears recently to have been a pause or at any* rate a slowing down in the advance of timber frame. At least one big group. Tarmac *(through its John MacLean and* Sons subsidiary), has said it will be sticking to traditional brick and block in its new houses.

The group in conjunction with the Timber Research and Development Association (TRADA) was one of the first to market timber frame houses, building several thousand for local authorities. It now claims there is market resistance to the method in the *middle* and upper price brackets. It also claims to be able to build conventional houses itself in 10 *weeks and so compete head-on* with timber.

Other builders such as Bovis, which this year will build about *5 per cent of its new houses in* timber frame, are keeping their options open. The company says that if it were to move strongly *into the starter market—homes* for first-time buyers—it would use more timber. Use of the material will grow but the *change may not be dramatic,* Mr Philip Warner, chief executive of Bovis Homes said recently.

*Among the most obvious dis*advantages are that timber frame housing does need to be put up very carefully and, as *with all* products enjoying rapid growth, there is a danger. The industry admits of cowboys being drawn in. Correct installation, as will be offered by reputable builders, is vital to ensure not just the engineering integrity of the structure but the maintenance of the vapour barriers required if problems such as rot are to be avoided.

The National House Building Council is known to be concerned that although the record of timber frame has been good, things can go wrong. One of its worries is that while timber frame housing has hitherto been erected by knowledgeable specialists, panels can now be bought off the shelf by builders who might not have a full understanding of the principles involved.

Materials, the NHBC has noted, are now also being supplied not just from North America and Scandinavia, *where high standards prevail,* but from other sources which are possibly less reliable. As yet, too, there is no mandatory *requirements for the materials* used in timber frame housing to be protected with preservatives against rot and infesta*tion, though some big builders* do use pre-treated woods and a new standard making this obligatory is likely next year. *One major failure has already* come to light in Cornwall where a group of 18 bungalows built ten years ago has suffered wet rot and will cost £120,000 to repair.

The householder, too, is likely to have to be more care*ful in making alterations to a* timber-framed dwelling so as not to breach the vapour barrier, thus allowing water to *get into the timber*, and special —though readily-available fixings are required to make wall attachments.

The *timber frame industry* is able to point out that problems such as rot are not suggested by the evidence from years of use in North America or Scandinavia where timber not only has a near 100 per cent share of the market in inner leaves but is used *externally* as well. The campaign for traditional housing responds however that Britain has a somewhat damper climate than the other two areas.

The campaign also argues that brick and block, while not such a good insulant as the timber frame rival, will give a more balanced room temperature. With timber frame the heat is contained in the room by the insulation and is dissipated with air changes after *the heat source is turned off*. With brick and block the walls store and re-radiate heat.

Exactly what proportion of the market timber frame will eventually capture is impossible to guess though it seems unlikely to plateau at its present level or climb, as some of its advocates believe, to take over the bulk of the new housebuilding market in the not too distant future.

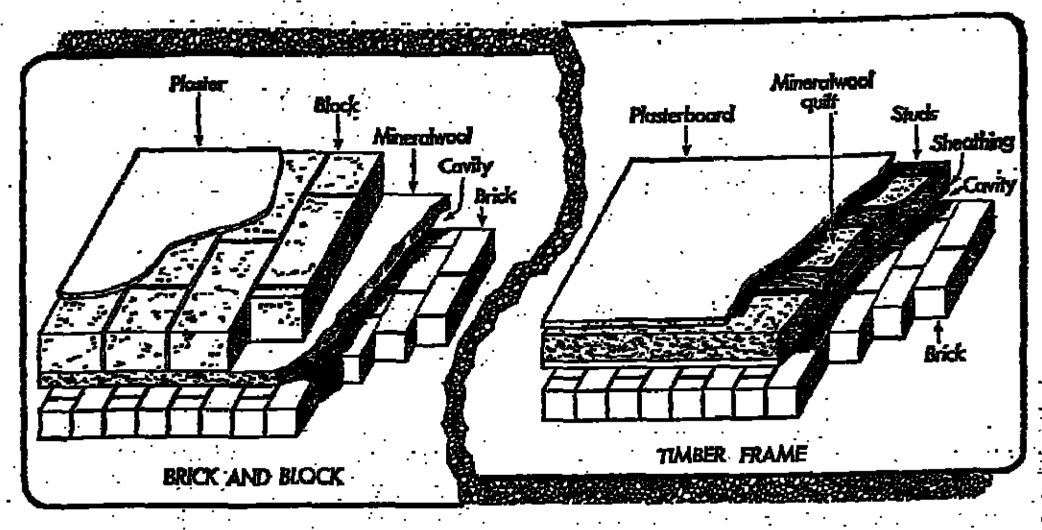
The brick and block manufacturers, apart from launching *their counterblast through the* housebuilding advisory bureau, have also recognised that they must improve their own *methods if they are to defend* market share.

Brick and block manufacturers, under pressure from the tighter insulation regulations now in force, have also been bringing out improved products. Lightweight air-filled concrete blocks offering better insulation characteristics have been in use for some time and have been increasing market share. Masonry wall packages, complete with the insulation layers necessary to meet the new requirements already built in, are now also available, and systems have been developed by foam suppliers such as BIP for pressure filling hollow building blocks with insulation.

At the same time, while timber frame offers financial gains to the *major* housing groups with large buying departments and the ability to plan site operations in great detail, *the same is unlikely to apply to* the small operator who may well prefer the greater flexibility offered by the use of traditional *materials*.

The economics of housebuilding, however, would seem to point remorselessly to further contraction *in the number of* small builders with big well-organised groups increasing their share. Providing the advantages they achieve financially from the use of timber frame do not diminish—and assuming there is no consumer rejection of the product —the likelihood is that, particularly in the starter homes market, wood will dominate.

Brick and block are nevertheless defending their place in the market at a time when their share is still around 75 per cent. And while it is not *strictly* accurate to portray brick and block—both in their present form relatively modern products —as traditional they do have the example of other successful counter-attacks against standardised products such as the Campaign for Real Ale to spur them on. The battle between timber and concrete for the inner leaf of Britain's houses is clearly only just starting.



How the two methods differ

Brick and block was virtually the only method in use until comparatively recently. The outer wall will consist of brick which is usually separated by a cavity from an interior wall made of blocks (which can be in a variety of materials and compositions). The internal surface is coated in plaster (generally applied wet) which creates the surface for decorating.

Brick and Block's ability to meet the new 0.6 U value insulation requirements depends on a number of factors: thickness and composition of the blocks, and whether or not the cavity is filled with insulation.

In some systems insulation is *added internally to the blocks* within the house and a dry lining is then attached to this surface. Block thicknesses vary between 90 mm and 150 mm.

Information on brick and block housing can be obtained from the National Housebuilding Bureau (sponsored by the Aggregate Concrete Block Association, the Autoclaved Aerated Concrete Products Association, the Brick Development Association and the Cement and Concrete Association) at CPR House, 12 Crane Court, London EC4A 2JJ (01-583 0518).

Resistance

Several systems for timber frame housing are in use. In the most widely-used the structure consists of a series of vertical one-storey softwood studs (or uprights) fixed to a preservative treated sole plate (at slab level) and to a head binder (at ceiling level). Sheathing (generally plywood) is attached to the studs externally to provide racking resistance and is itself coated with breather paper and vapour barrier.

The interior wall surface within the dwelling is created by dry-lining (plasterboard) attached to the studs and the space between the external *and internal surfaces* alongside the studs is filled with insulating material.

External weatherproofing is provided by brick or other cladding, separated by a cavity from the timber frame, and fulfilling no structural function.

Builders have to submit engineering calculations for timber frame houses to the local authority for building regulation approval.

The major builders using the system use their own engineering design departments to draw up plans. The smaller builder can obtain from leading timber suppliers a package consisting of all necessary drawings and cross-sections, assembly details and even instructions for nailing and nail sizes.

Information on timber frame can be obtained from the British Woodworking Federation, 82 New Cavendish Street, London W1M 8AD (01-580 5588) and from the Timber Research and Development Association (TRADA), Stocking Lane, Hughenden Valley High Wycombe, Bucks, HP14 4ND (024024 3091).

R. D.

Proportion of timber frame and price by size of builder
(UK figures—October 1981 to March 1982)

Companies annually 'starting'	Timber frame: Number of 'starts' (000)	% of all 'starts'	Average price (£000)	Other (mostly brick and block): Number of 'starts' (000)	% of all 'starts'	Average price (£000)
1-10 units	1.0	10	37	9.1	90	36
11-30 units	0.7	10	31	6.0	90	29
31-100 units	1.0	16	29	5.5	84	30
101-500 units	2.2	20	27	8.7	80	27
501+ units	7.9	37	25	13.3	63	27
Total	12.8	23	28	42.6	77	30

Source: National Housebuilding Council.

Half-way house

A TIMBER-FRAME house half-way through construction.

The system now accounts for roughly one-quarter of housing starts in the private sector and it is expected to grow in popularity rapidly.

Large builders starting more than 500 units a year are the main users. They currently account for more than 37 per cent of timber-frame starts.

TIMBER FRAME HOUSING COMPLETIONS

1974	23,225	(8.3%)
1975	37,631	(11.7%)
1976	47,014	(14.5%)
1977	48,004	(15.0%)
1978	43,214	(15.0%)
1979	39,200	(16.1%)
1980	45,966	(19.5%)
1981	47,530	(23.9%)*

* Provisional est.
Source: Trada estimates

TIMBER FRAME—MARKET SHARE ANALYSED BY DWELLING TYPE
(Britain, October 1981 to March 1982)

House type	Total 'starts'	Percentage of Timber frame 'starts' in house type
Detached house	14.4	14
Detached bungalow	4.6	17
Semi-detached house	11.3	26
Terraced house	11.7	33
Attached bungalow	3.0	30
Flats and maisonettes	10.3	24

Source: National Housebuilding Council.

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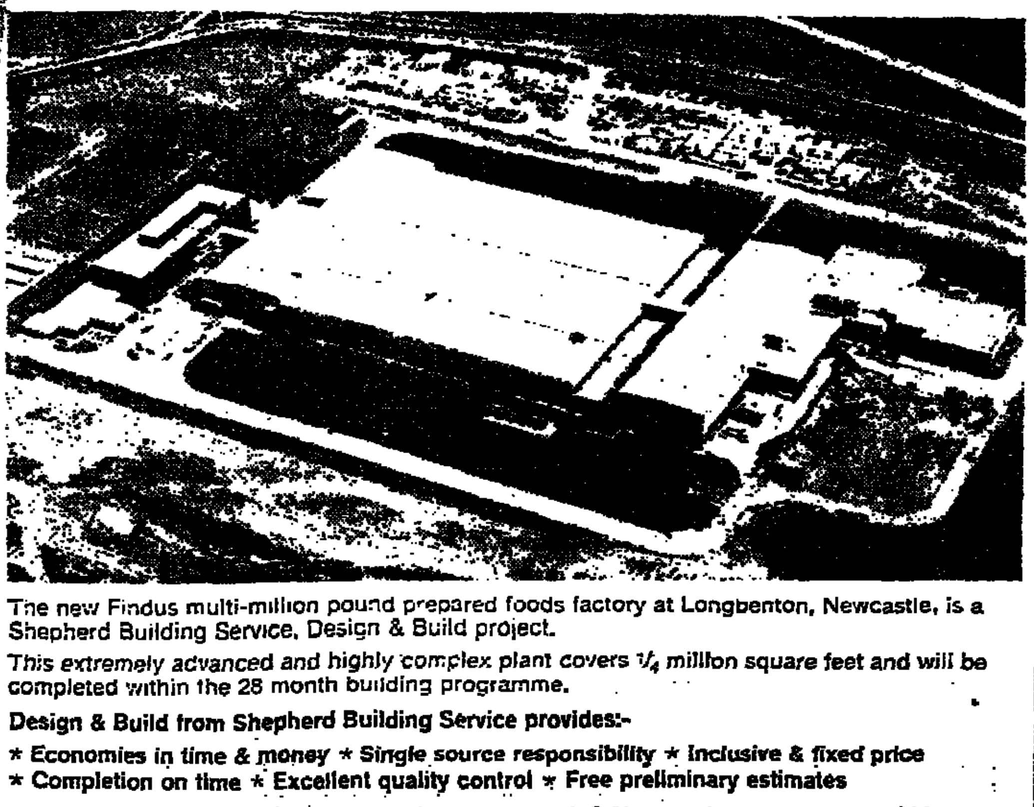

The new Findus multi-million pound prepared foods factory at Longbenton, Newcastle, is a Shepherd Building Service, Design & Build project.

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Arthur Smith looks at the assembly line method of building homes

Houses which are made in factories

HOUSING constructed on assembly line principles, where everything including the kitchen sink is installed in factory controlled conditions is a distinctive sector of the building systems market which is currently dominated by the Hallam Group of Nottingham but which is likely to attract increasing interest by other groups in the future.

Hallam is firmly into the timber-frame system of housing which has emerged in recent years as a serious competitor to traditional methods. The difference is the extent to which the Nottingham company has transferred building problems from the site to its Langley Mill factory, where around 20 units a week are currently being turned out.

Hallam has established a niche for its "Volumetric" brand, which takes the concept of system building a step further than mere assembly on site of factory-produced panels and components. The whole superstructure is manufactured, painted and fitted out with plumbing, central heating, electrical services, sanitary ware and kitchens.

The factory-built structure can then be transported in "slices"—perhaps the top and lower storeys in the form of pre-stressed shells. These can be lifted by crane on to prepared foundations ready for the services to be connected, the exterior brickwork to be laid and the roof tiled.

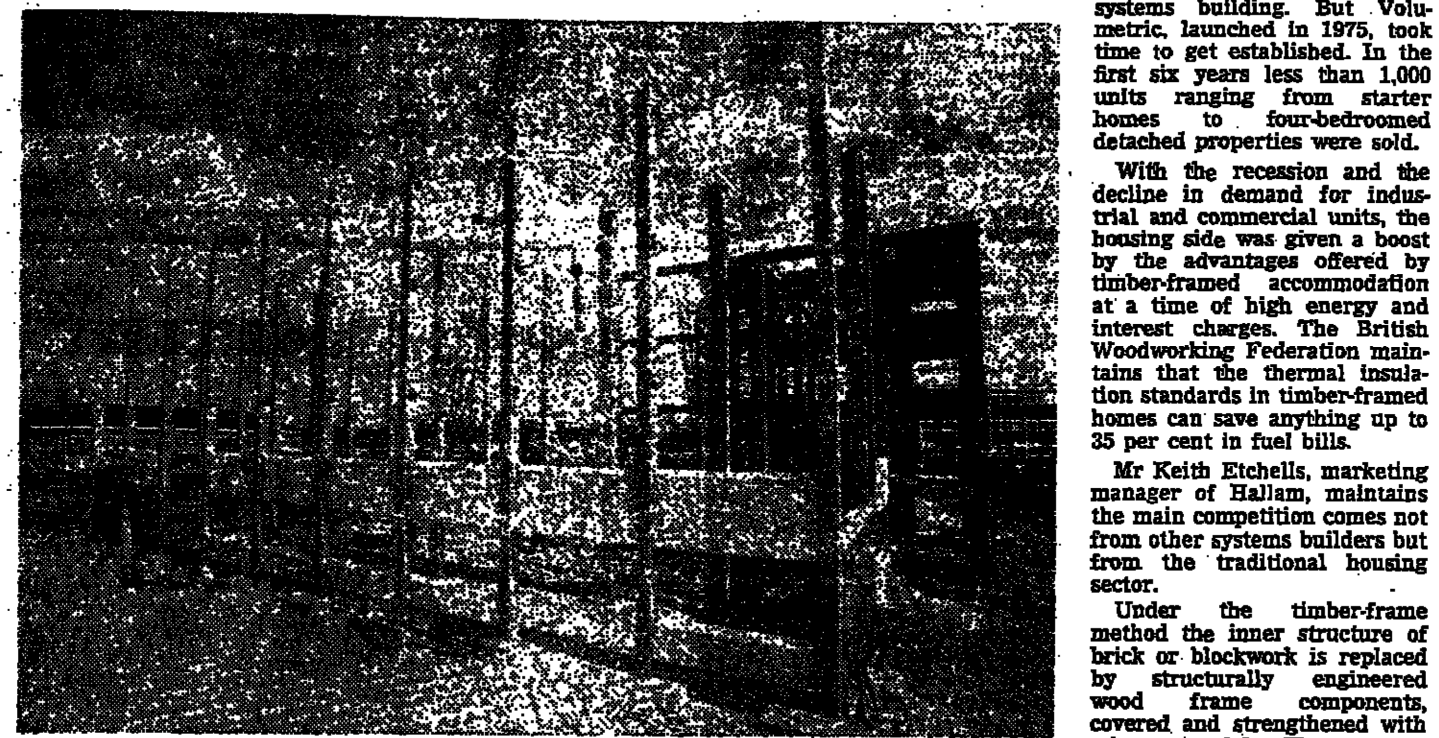
From transport on site to readiness for occupation may be a matter of only days—an important factor in winning local authority contracts for the replacement of post-war prefabricated housing. Hallam has helped Nottingham City Council with its replacement programme by minimising disruption to occupiers, many of them not only elderly but anxious not to lose contact with a familiar environment.

Tenants need to be provided with temporary accommodation for only a matter of weeks while their old pre-fabs are dismantled, foundations modified and new bungalows installed. Even damage to gardens is minimised. Special trolleys are used to transport bricks, roof tiles and other materials to negotiate existing paths without distrubing hedges.

For Hallam, which has extended its Volumetric system from local authority contracting to speculative private developments and sees potential in the concept for flats, factory-built housing has become increasingly important. In recent years the system has enabled the company to expand against the trend as other markets have shrunk because of recession.

Founded more than 60 years ago by Vic Hallam, a Derbyshire coal miner, to produce garden sheds and poultry houses, the group now has a turnover of around £10m a year in system buildings for industry, commerce and public bodies. Volumetric housing has expanded to account for around a quarter of turnover.

Transporting in slices: one of Hallam's contracts for Nottingham City Council



A Trent T6 pre-cast concrete frame being erected

The move into housing was a natural for a company with experience in factory-controlled systems building. But Volumetric, launched in 1975, took time to get established. In the first six years less than 1,000 units ranging from starter homes to four-bedroomed detached properties were sold.

With the recession and the decline in demand for industrial and commercial units, the housing side was given a boost by the advantages offered by timber-framed accommodation at a time of high energy and interest charges. The British Woodworking Federation maintains that the thermal insulation standards in timber-framed homes can save anything up to 35 per cent in fuel bills.

Mr Keith Etchells, marketing manager of Hallam, maintains the main competition comes not from other systems builders but from the traditional housing sector.

Under the timber-frame method the inner structure of brick or blockwork is replaced by structurally engineered wood frame components, covered and strengthened with other materials. That process alone eliminates the shrinking and twisting which results from the evaporation of an average 1,500 gallons of water in a typical brick and block house.

The Volumetric factory-based system maximises the controls over operations which on site would be subject to the vagaries of weather and chance. The fairly constant output established at Langley Mill has led to a settled and skilled labour force — a key factor in controlling both quality and costs.

To transfer construction to the rigours of the assembly line brings obvious benefits in terms of a reduction in site overheads, vandalism and wastage linked with quicker turnover of materials, reduced work in progress and lower interest charges.

Any cost savings achieved can be reflected in the price offered to the customer. Hallam also claims better standards of finish, lower heating bills, reduced condensation, fewer plastic cracks and easier decorating and finishing.

Mr Etchells does not share the optimism of national forecasts for an upturn in either private or public housebuilding but nevertheless anticipates growth for Volumetric.

He points to a fourth contract from Nottingham City Council for pre-fab replacement and to the potential of the system for speculative housebuilding. In addition to contracts for private developers Hallam has recently built houses for sale on a speculative basis at Alfreton, Derbyshire, and Tonbridge, Kent.

Another potential growth area is seen in flats. The company is confident it can satisfy the stringent regulations covering sound insulation to make timber-frame flats viable.

Mr Etchells insists the Volumetric system is developing continuously and becoming more flexible in use. He maintains that as Hallam is probably the best-known supplier of pre-assembled housing units it is well-placed for expansion should the market take off.

Hallam at work on 10 two-storey homes on a one-in-six gradient in Belper. The homes had to be craned in from a minor road avoiding the demolition of an adjacent dry stone wall

Alan Cane examines the steel-framed building system

Constructors increase versatility

STEEL FRAMED building system manufacturers and constructors are showing considerable ingenuity in getting round what everybody recognises as the drastic fall in the demand for structural steelwork in the past two or three years.

While several firms have gone bust, others have turned their hand to the kind of work they would never consider in more buoyant times.

One company, deep in the heart of the country, has developed a new expertise in building jetties. The framework after all is not that different from that of a multi-storey office block.

A spokesman from Constrado, part of the British Steel group concerned with structural steel said: "The industry is far from desperation. We have an increased market share of what is admittedly a much smaller market. But constructors have been showing considerable versatility. They may say that all their work is tied to column and beam but they are building pressure vessels, bits of ships and so on. If there is an upturn, the industry should be well poised to take advantage of it."

Both the steel frame and the precast concrete building markets have been hard hit by the recession and by government policies going back to 1973.

According to the British Pre Cast Concrete Federation, the industry is simply ticking over. The federations does not believe pre-cast concrete has been hit harder than any other section, although they admit it has taken a significant knock with the growth of timber-framing in the housing market. It is possible that most firms are down to only 60 per cent of total capacity, they think.

But if the industry has taken a beating, especially on the heavy end where virtually all building is government funded, there is plenty of evidence that it is working hard to cut its construction costs and improve delivery times through the use of new technology.

An example is the Atlas portal frame, developed by Ward Brothers of Sherbourne in conjunction with Sir Frederick Snow and Partners and Imperial College, London.

Progress

As well as illustrating the kind of continuous progress which distinguishes the structural side of the building industry, the "Atlas" development is a good example of collaboration between an academic institution and industry.

The Atlas concept created considerable interest when it was released at the end of last year. It also created considerable congestion in Imperial College's civil engineering shop where full scale span were erected to test the concept.

The basis of the idea is automatic welding. Conventionally, the design of portal frames in the UK is based on plastic theory applied to hot-rolled universal beam sections, with the provision of a haunch. Ward Brothers believed, on the basis of considerable research, that the use of tapered portal frames gave a scope for economy not possible using universal beams.

According to G. K. Raven, of Ward, and Derek Beckett, of Snow, stresses are close to the permitted maximum values at any section — an optimised elastic solution.

"Fabrication costs can be minimised by fully automated welding. The total economic envelope includes simplified stock control, optimisation of the bracing system, transport erection and foundation costs," they say.

Reinforced and precast concrete construction has had a poor press of late. For precast structures the height of notoriety was probably the Ronan Point incident when a gas explosion in the upper floors of a high rise block caused the collapse of virtually an entire corner of the building.

The experts are quick to point out that it was chiefly design faults which caused the disaster; there was a lack of continuity between the basic units of which the structure was built. Derek Beckett, of Snow, says: "We have learned a lot since then about the stability of these structures."

"If the design and detailed construction work is adequate, then there is no problem and there can be good advantages in terms of speed of construction."

But Mr Beckett, who is much concerned with the ways in which reinforced concrete fails, believes that precast structures can never have the natural continuity of material cast on site.

The chief problem is the entry of water in to the concrete to the point where it attacks the steel reinforcements leaving the overall structure seriously weakened.

But this problem is now well recognised and the industry is fighting back. Mr M. J. Downing, sales manager of Trent Concrete Structures of Nottingham, notes: "The recent publicity given to a particular form of precast concrete construction has tended to bring into disrepute the soundness of all precast concrete elements. This is quite unjustified."

Trent's special contribution to the pre-cast business is the T6 connector. Based on steel structure technology, the connector can be positioned at any point along a column.

So according to Trent there is no modular limitation on floor height, nor on the physical configuration of floor or edge beams.

It claims construction speeds three times faster than conventional concrete structures . . . and that is critical to the success of these new building technologies.

All these development areas concerned with speed of erection and cost containment which is seemingly an intractable problem in the UK. Comparisons drawn with, for example, the U.S. on comparable structures are frequently unfavourable.

There has been a decline in the use of precast components but that is probably as much due to the recession as anything else.

Better procedures are however giving thrust to the view that concrete structures can be built *in situ* very rapidly these days. And that is the aim. As one expert said: "We do not seem to be able to put the right commercial weighting on speed of construction."

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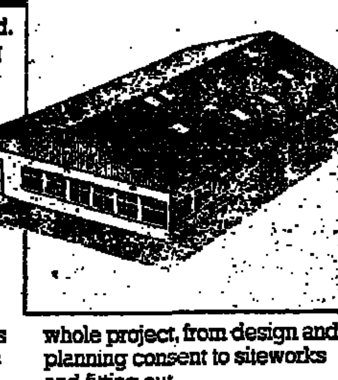

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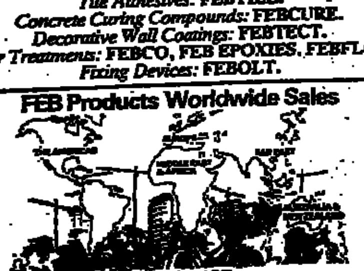

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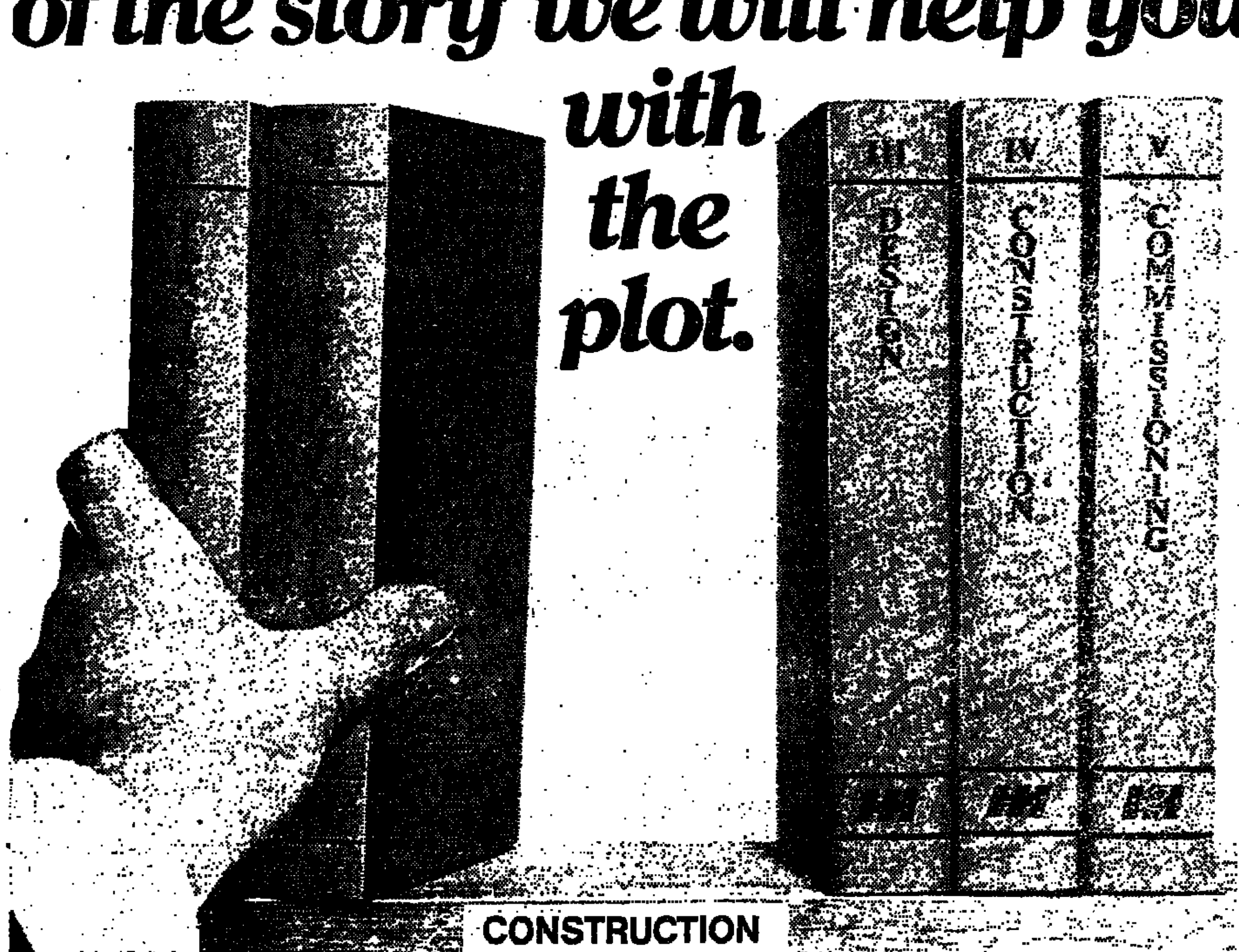

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When building its £11m Newcastle plant Findus plumped for an unusual but sophisticated construction technique

The marriage of design and production

With £30m to spend on creating what was intended to be one of the most advanced food manufacturing plants in the world, frozen food giant Findus went to a great deal of trouble to make sure that it chose the most efficient means of translating concept into reality on its greenfield site at Longbenton, on the outskirts of Newcastle upon Tyne.

Over the years the company had been involved in a number of building projects, using traditional methods—sometimes with success, sometimes not. In opting for a design and build package for its Longbenton project it was influenced by a number of factors.

Not the least important of these was speed of completion. As Norman Riggall, Findus' project manager from the beginning, explains, once committed to spending that sort of money on such a concept it was essential to implement it as quickly as possible, to get production on stream and an early return on the investment. Timing, therefore, indicated a design and build package as being the most suitable.

Although there were other considerations apart from the time factor, on that issue alone the choice of the package proved to be extremely propitious. Findus is getting its new factory several months ahead of the contract date.

Track record

The decision to set up a plant of such size and complexity represented the biggest single step taken by the company for many years and from the start there was every intention that whatever was done would be as right as it was possible to make it.

With its years of experience in the frozen food industry Findus obviously had a good idea of what it wanted as far as the design concept was concerned. It was, therefore, looking for a contractor with a good track record in design and build and, most important, someone with whom a high degree of rapport was likely to be possible.

The relationship between the client and contractor is a crucial matter, says Riggall. From day one the client is talking to all the disciplines concerned in designing and erecting a highly complex building and not having to embark upon a variety of negotiations with different professionals.

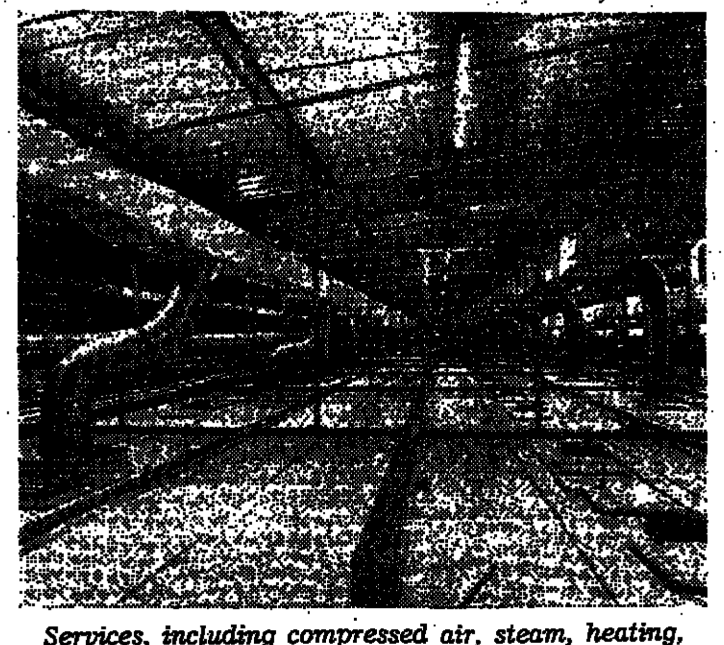
Because it knew its business pretty well, Findus felt that it would have a considerable input to make in the development of project. Under Riggall it had a full-time team varying from six to a dozen people continuously involved.

The company obviously made detailed inquiries about the design and build scene and soon acquired some idea of which firms were worth talking to. Initially, six companies were in the hunt, subsequently reduced to three. At this stage each company was presented with an impressive 200-page design brief upon which to base its submission and tender.

Although obviously looking for value for money there was no question of choosing the lowest price purely for that reason. In fact, York-based Shepherd, the successful contender, was not the lowest tender. Factors like completion record and design team quality tipped the balance in its favour. It is argued that with a construction contract worth £11m, a saving of a few thousands is of less consequence than a proven record.

Not least of all Findus was impressed by the fact that during the negotiation stage Shepherd just about turned the food company's original design concept on its head as far as site layout was concerned and came up with something more efficient and, arguably, more economic.

Albert Murcutt, general manager of Shepherd Building Service—the design and build end of the Shepherd Group—reckons no two design and build jobs are ever alike and the Findus project is less alike than most.



Services, including compressed air, steam, heating, lighting and ventilation, are separated from the production area on the grounds of hygiene and are contained above a metal load-bearing ceiling

Built to the most rigorous standards for a food preparation plant, complying with, and in some cases exceeding, EEC requirements, standards of construction also had to be high, incorporating many design features and building techniques that are unique.

Some of these are visually obvious, like the external load-bearing columns and struts, moved outside the main fabric of the building to allow smooth, flush, hygenic internal walls for easy cleaning. In the production areas these walls are finished in epoxy resin to withstand chipping and accept high pressure cleaning.

Information

Also in the production areas the complete absence of timber is noticeable. Such bacteriologically unstable material is regarded as being incompatible with the desired standards of hygiene. Normal spaces usually found behind panelling are also unacceptable.

Such unusual features, it was felt, could best be achieved with the client and contractor in something almost approaching permanent session around the table—hopefully on first name terms. It might be about building a factory but it was also about people as well, it was argued.

From the start Findus undertook that if Shepherd had a question to which an answer was required—and they were legion—it would be produced within seven days. Likewise, if Findus required information it was forthcoming within the same time scale. Both sides found that this concentrated the mind wonderfully and did much to keep the contract ahead of time.

Design and build, as a construction technique has, in fact, been around for much longer than many people think, Shepherd carried out its first such package more than 20 years ago.

The largest privately-owned building group in the country, Shepherd was founded as a family concern in 1890 and until the late 1950s was involved in purely traditional methods. In 1959, as the result of a request from a client—in this case British Oil and Cake Mills—for a comprehensive package, the company launched its first design and build operation.

With architect Murcutt in charge, a multi-disciplinary group was set up within the company, consisting of architects, quantity surveyors, structural, mechanical and electrical engineers, together with project controllers.

What would be the separate fees charged by the various professions involved in the in-house design team are all incorporated in the final tender price, by which the firm stands. The design group, therefore, is under some pressure to anticipate time-consuming problems and iron them out in advance. Traditionally, such cost inducing delays would normally be added to the client's final bill.

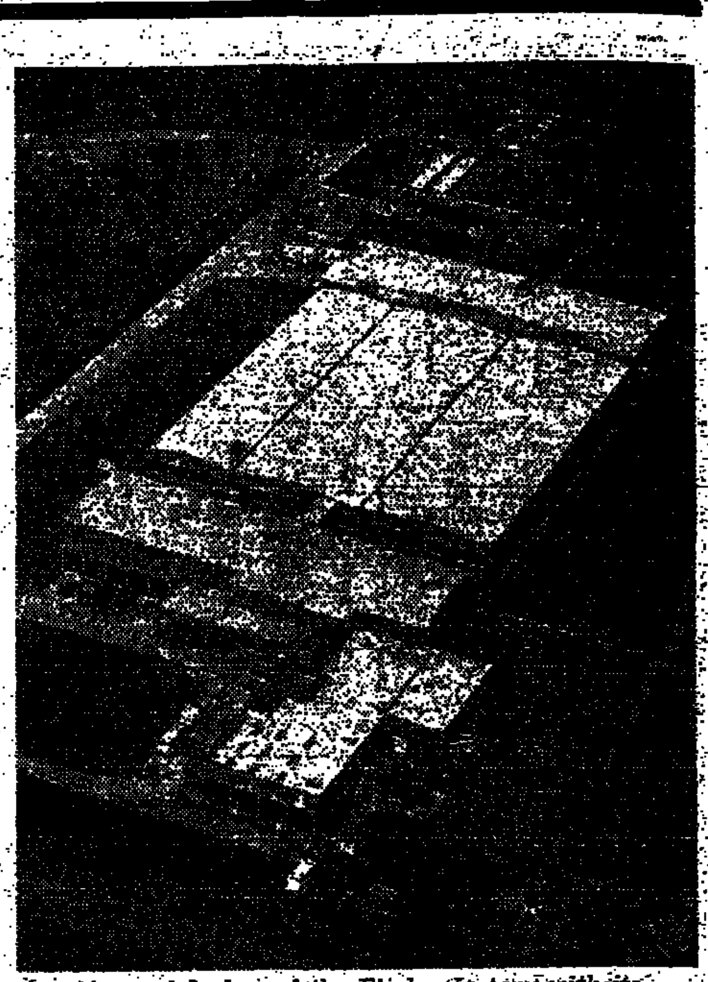
By the time the Findus project came along Shepherd clearly had considerable experience of design and build, ranging from electronic factories to hotels and a prison. In these circumstances it would have expected to be invited to make a presentation for such a major contract. Just to make sure, however, Murcutt fired off a letter explaining exactly why Findus should be talking to his company.

Six weeks after being first presented with its brief, Shepherd handed over its first tender document. Murcutt defies anyone building traditionally to match the time scale. With the involvement of the various disciplines and a multitude of sub-contractors there is no way it could have been done, he claims.

Along with the tender went someone from Shepherds to sit down with the client's staff and spend three days going through the documents to ensure that everyone knew what they were about. The exercise was aimed at saving time later.

The initial tender was submitted in competition with two other design and build companies. Amendments to the original concept led to a second tender being produced, this time by negotiation—and again in record time.

The detailed work undertaken by the in-house team at the tender stage is cited as a major factor in enabling piling rigs to be working on the site within two or three days of signing the contract. Since then all stages of the contract have been on time, or ahead of it, with the phased completion within a 28-month schedule being accomplished three months early.



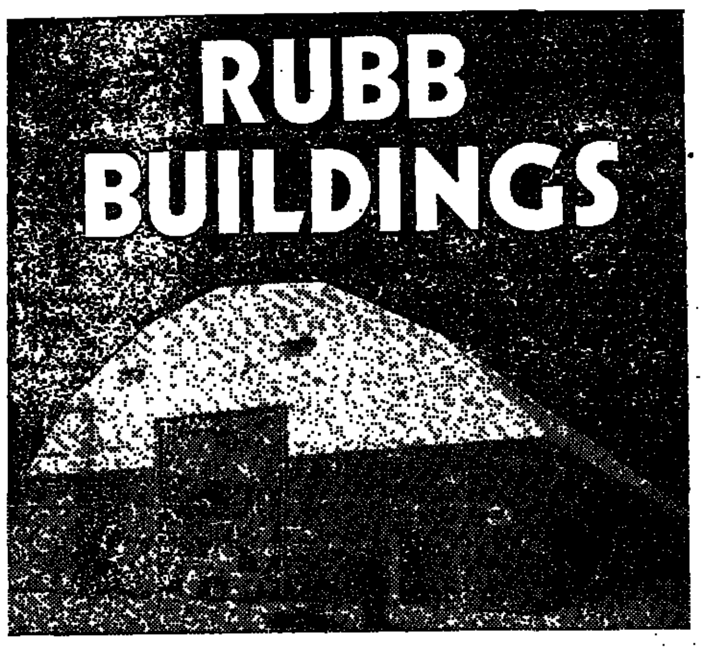
An aerial view of the Findus factory with its 23,400 sq m floor area

The building industry is the only one where design is divorced from production, says Murcutt. Design and build makes sense as the logical means of bridging the gap, he says. Building is becoming more and more an integral part of the manufacturing process, especially in electronics and food manufacture, with contractors no longer merely erecting shells.

Murcutt sees Findus as a prime example of the increasing sophistication going into the construction of a building, which must call for an equally sophisticated approach on the part of the builder.

As far as the Longbenton project is concerned, the design and build package appears to have worked well. Murcutt is pleased with what it has achieved and Riggall says Findus is delighted with what it has got.

Ewart Mann



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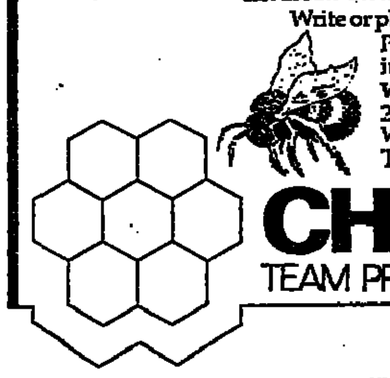

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CHIVERS
TEAM PROJECTS DIVISION

Lorne Barling looks at the work of the Building Research Establishment

Improving conservation a key role

THE Building Research Establishment, a Government financed organisation under the Department of the Environment, plays a major role in carrying out research and development for the UK building industry, although its work is primarily for the Government.

BRE employs about 850 people at four centres: the Building Research Station and the Fire Research Station, in Herts, the Princes Risborough Laboratory and the smaller Scottish Laboratory, which deals mainly with work related to differing requirements in Scotland. The number employed has fallen recently from nearly 1,200 as a result of Government spending cuts.

Since the early 1970s, when rising oil prices changed the world energy picture, much of BRE's work has been related to building methods aimed at improving conservation. But it is still heavily involved in more general research aimed at providing the Government with a means of predicting future domestic energy requirements.

Research work accounts for around 75 per cent of the establishment's total expenditure of around £15m a year. The remaining 25 per cent goes on the important information and advisory services concerned with getting research results applied in practice.

According to Mr Ian Freeman, head of BRE's building process division, there is a world of difference between successfully using a new building process or material in laboratory conditions and its successful application on a building site.

He gives the example of the use of insulating batts, usually expanded polystyrene boards, increasingly used to set up barriers between cavity walls of houses during construction. While their installation may be easy in theory, he points out, variations in cavity widths and other on-site problems inevitably arise.

If, as a result, the batts become dislodged and lean against the outer wall, they can create damp and costly remedial work becomes necessary. The method of fixing the batts is therefore important and BRE has been working on this.

Overall, it is often BRE's role to examine the broad implications of a change in UK building regulations, such as the recent introduction of a higher wall insulating standard, which has led to the use of insulating batts and other devices to reduce heat loss.

Condensation

Another problem being examined is the effect of interspacial condensation in timber-frame houses, now increasing in popularity, which may arise from the increase in thermal insulation. While this may not be evident as an immediate problem, BRE regards it as necessary to examine the long-term implications.

"We have to ensure that any recommendation made to the building industry is not incompatible with the long-term viability of houses," Mr Freeman says.

Although BRE has no powers to impose standards on the building industry, it seeks to exert influence through its publications such as its series of BRE digests, aimed largely at designers and local authorities.

It also offers an advisory service to supplement the answers to standard questions given in the digests. For this a charge is made to supplement its Government income. However, little research work is carried out for private concerns.

Mr Freeman points out that the average new house in Britain may look very similar to one built 10 years ago, but is in fact very different, due to important changes which have taken place in building methods.

"The house of today is a highly rationalised product, in which many of the component parts have been de-skilled. For instance, plastic plumbing has diminished the role of the plumber and plastic guttering has saved labour."

He points out that there has been a 4 per cent per annum fall in real labour costs on an average house in recent years, and quality has generally improved as a result of big companies capturing large market shares with good products, such as roofing tiles or plastic guttering. In addition, there is less scope for "corner-cutting."

Another important role for BRE is in relation to the framing of building product standards by the British Standards Institution, with which it works closely. Mr Freeman sees BRE's role here as one in which the end user's interests must be represented against those of the industry concerned, since manufacturers usually lobby for a standard which they can meet rather than one which ensures product satisfaction.

Regulations

At present, BRE is involved in a major study of housing defects arising from problems on site, the results of which will be made available to private and public sector designers. It will attempt to determine the extent to which building regulations are being met and point to potential areas of default during construction.

The broader research work, relating to national energy consumption, is carried out by BRE's building services and energy division, which is headed by Mr Neil Milbank. He is also responsible for the Scottish Laboratory.

Mr Milbank points out that around a third of the country's energy consumption is in private dwellings, but until recently there has been little research on average internal temperatures of private houses and levels of heat loss.

For that reason, changing regulations relating to the thermal efficiency of walls does not make it immediately obvious what the long-term implications are for the UK power generation industry. The Government is hoping that BRE research will provide a means of better forecasting.

"For example, it will help the Government to decide whether to raise the grants on home insulation or to go for an increase in the standard of building," Mr Milbank says.

An important part of this research relates to the behaviour of home occupants, since the range of energy consumption in similar dwellings is very wide. Incidental gains such as from cooking, lighting, hot water systems and electrical appliances are also being studied.

As a result of BRE research, a calculation method for predicting the energy required for space heating in different types of dwelling has been devised. Research is continuing on improvements to the method and on obtaining better values for the input data.

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BODY SCANNERS

Nuclear images in the clinic

By David Fishlock, Science Editor

NEPTUNE IS an inspired choice of name for an instrument that can peer into the briny depths of our brains and bodies and produce vivid images of its tissues and how they are behaving. It is the name of the prototype of a powerful new family of instruments for diagnosing disease, costing up to £650,000, put into production by GEC at Wembley.

Behind Neptune's development in Britain lies an investment of about £5m in research and development over the past six years. Half of it has been put in by the Department of Health, whose senior scientists make no attempt to disguise their delight with the outcome. The balance has come from the companies involved; first EMI, then—after its takeover by Thorn—by GEC, which acquired Thorn-EMI's interest in the new instrument.

Trevor Humphries

Professor Steiner (left) shows Neptune to Norman Fowler, Health Secretary

Diagnostic radiology is one of the fastest-growing specialities in medicine, says Professor Robert Steiner, director of the department of diagnostic radiology at the Royal Postgraduate Medical School, London. Prof Steiner has played a key role in expanding the radiologist's armoury with Neptune.

A small brick building buried within the Victorian sprawl of Hammersmith Hospital houses the prototype, with which he has examined over 1,000 people in the past 14 months. He produced his first brain images about a year ago, making it "very obvious to us that it was a major step forward." The pictures sharply differentiated between different parts of the brain — for example, between white and grey matter — in a way the EMI-Scanner (and he is using one of the latest models) cannot do.

The scientific basis of Neptune was first proposed in the U.S. in 1972, just as the medical world was awakening to the exciting possibilities of the EMI-Scanner. Instead of using X-rays to cast shadows, and a computer to synthesise images out of thousands of shadows, the new idea was to use signals given off by living tissue itself.

The principle involved was called nuclear magnetic resonance (NMR), which won Nobel prizes for its discoverers in 1952, and had subsequently proved to be a valuable way of assaying complex molecules. Each atom, when wrapped in a powerful magnetic field and excited by radio-waves, gives off a characteristic signal, as distinctive as the note of a bell.

Initially, there was great scepticism in medical circles, Prof Steiner admits. Compared with the dramatic relevations of the CT scanners using X-rays—the EMI-Scanner is one example—the first NMR pictures of living tissues were fuzzy and unexciting. But by 1976 EMI itself was taking the challenge of NMR seriously, by mounting a project at its central research laboratories where the EMI-Scanner had been invented.

In 1978, EMI put a proposal to the Department of Health for development funds for a prototype NMR scanner to go into a British hospital, as had been done in the late-1960s with the EMI-Scanner.

But the financial troubles which then befell EMI, partly due to the collapse of its US market for EMI-Scanners, seriously delayed development and almost cost Britain the Neptune. Thorn-EMI was eager to sell off the venture. Foreign electronics groups—notably US General Electric—were keen to acquire it. Much to the relief of the Depatmnt of Health, it was saved for the UK by GEC's acquisition of Picker, a major U.S. manufacturer of medical equipment based in Cleveland, Ohio, in 1981.

The takeover produced Picker International, owned 80 per cent by GEC and 20 per cent by Cambridge Instruments. The group, with 7,000 employees and sales this year of about $700m, is ten times as big as the former GEC Medical subsidiary. GEC backed it with a new research laboratory at Wembley headed by Dr Ian Young from EMI, devoted to the NMR scanner.

The clinical case for pursuing the NMR scanner as a commercial venture, notwithstanding the experiences of EMI, has been assembled by Dr Young and Prof Steiner. The technique looks particularly promising for pinpointing problems of the central nervous system, particularly those which start in the brain, including multiple sclerosis. The lesions of this disease show up clearly as "black holes" in the brain: and for every lesion revealed by the CT-scanner, NMR is revealing three or four. But the other side of the picture, Dr Young says, is that they have been able to reassure some patients that their disease is less serious than other methods of diagnosis have suggested.

Prof Steiner is confident that "within a year or so" NMR could replace CT-scanning for certain problems. In diagnosing hydro-cephalus in the newborn baby, CT-scanning is "not much help," whereas the enlarged brain, swollen with fluid, "really hits the eye," with NMR. But he stresses that he sees the two methods of diagnosis as complementary rather than competitive.

NMR-scanning looks at the distribution of hydrogen atoms, scattered throughout all living tissues, particularly water and fatty compounds. In fact, Neptune looks at no fewer than three different characteristics of the radio-excited atoms of hydrogen, in three different planes, before the computer constructs its image.

Safety is an important reason for commercial confidence in NMR-scanning. "So far as we know, nuclear magnetic studies are harmless, non-invasive, and well-tolerated by patients," Prof Steiner says.

The commercial case for NMR scanning has been assembled by Picker International. Mr Sidney Carne, UK director of operations, is forecasting a market for 150-200 NMR-scanners a year by 1984, 60 per cent of which will be in the U.S. As with CT-scanning, "the battles that have to be fought out will be fought out in the U.S.". Mr Carne says.

His confidence that Picker can succeed in the all-important U.S. medical market, where EMI failed, rests on the fact that it is a substantial and established U.S. company, well-respected as a market leader in diagnostic radiology. The latest moves make it the world's fourth biggest medical technology company.

However, of the £9m, investment—including £3m for engineering and R and D—it is making in NMR-scanning, nearly 70 per cent is being spent in the UK. The first from the new assembly line at Wembley is scheduled for delivery to the Mayo Clinic in the U.S. in October, after which the initial programme of 12 will be completed at one a month. Britain's first two production models will go to the department of radiography at Manchester University and the National Hospital for Nervous Diseases in London, early next year.

But Mr Carne is well aware that, despite Britain's lead for the moment in clinical results from NMR-scanning, some formidable competitors are hard on his heels. Closest to launching a production model is thought to be the Technicare Corporation, of Solon, Ohio, part of the Johnson and Johnson group, which made its name with CT-scanning. Technicare has built two NMR-scanners as research tools for the NMR laboratory at Massachussetts General Hospital in Boston.

According to Mr Carne, Technicare—"the real competition"—is racing neck-and-neck with Picker to be the first to finish a production-line model later this year. Like Picker, Technicare is taking orders.

But he is also eyeing warily two smaller U.S. companies, Diasonics and Fonar, and two big European groups, Siemens and Philips. All have claimed to have demonstrated NMR-scanners.

Britain itself affords more competition. Earlier this year the Prudential announced that it was backing a new venture called M and D Technology in Aberdeen, which aimed to produce its first NMR-scanner in 1983. This instrument is based on developments pioneered by Prof. John Mallard at Aberdeen University. Working closely with Aberdeen Royal Infirmary, Prof Mallard has examined large numbers of patients and produced coloured images vividly distinguishing diseased from healthy tissue.

Social Affairs

Women and immigrants —a blurred picture

By Ian Hargreaves

ONCE A year the social cameramen at the Henley Centre for Forecasting attempt the impossible: to produce a snapshot of the underlying social attitudes of British people.

It is an exercise designed to make money, by feeding businessmen and administrators with a survey of opinion around which to hang their future hunches, and to some extent to allow the Henley people to develop their own hunch, which is that Britain is stepping briskly towards a "post-industrial society" when the home/work/leisure distinctions of our present economic system will break down.

But the raw data from the survey, conducted in March, also offers the opportunity for a do-it-yourself test of your own pet perceptions about the state of Britain. Is it becoming more health-conscious? Is it angry about unemployment? Is it racist? Is it afraid of crime? And so ad sociological infinitum.

In searching for patterns through these numbers, one fait accompli becomes strikingly and a little surprisingly evident: the fact that the concept of the equality of women has gained overwhelming acceptance, whatever the difficulties in practice women still face.

For example, 83 per cent of respondents, evenly spread across social groups, agreed that a woman "can do as well as a man" in business and 71 per cent saw no objection to men staying at home to look after children with the wife as breadwinner, although support for this concept is heavier at the AB end of the social scale. Nor, in another part of the survey, was there significant support for the idea that married women should not seek work at a time of high unemployment.

The responses about the position of women are, quite clearly, the voice of experience; women have demanded a social change, economic circumstances have permitted it and nobody is seriously suggesting that the change can or should be reversed to deal with a problem like over-supply of labour. Moreover, this holds true in spite of the fact that there is still a widespread feeling that certain aspects of female emancipation, such as the divorce rate, are very worrying. Sixty-two per cent of people think that the children of divorced parents have more problems than other children.

All this seems to me a highly rational and balanced response: to accept what is resirable and just on broad grounds and to worry about consequences at the margin.

The point becomes clearer when you look at the survey's results on a few issues where the respondent's direct experience is likely to be much less pronounced than indirect experience, much of it gained through the media.

Forty-four per cent of those questioned, for example, are "afraid to open their door to strangers at night" and 38 per cent said their way of life had been "significantly affected" by the problems of violence in society. For this perception of an unchecked rise in violence, unemployment is blamed by 72 per cent, the fragmentation of the family by 46 per cent, the media by 44 per cent and immigrants by 32 per cent.

> Trade union leaders were deemed out of touch, but "we would be better off without unions" was rejected

Other attitudes to immigrants, presumably also a matter of indirect experience to most people in the survey, are also quite highly charged: Forty-two per cent thought immigrants were in some way to blame for unemployment and when asked an admittedly rather loaded question, whether "this country could gain a lot from immigrants," 60 per cent felt it definitely could not. The thought process behind this response is the reverse of that applied to women.

In the area of attitudes to organised labour, we get an intriguing blend of responses formed around issues identifiably part of the political and media debate, and the responses formed around issues identifiably part of the political and media debate, and the responses of a different type which emerge when questions are stripped of that context.

It will probably come as no surprise to the men in Great Russell Street, but the TUC was placed behind the church, the Queen, the CBI, the National Consumer Council and the House of Lords, in a list of organisations people would like to see more involved in national affairs. Trade union leaders, of whom the TUC is corporate symbol, were deemed out of touch with their members' views by 67 per cent.

This contrasts somewhat with the fact that only 27 per cent felt we would be better off without unions and sits very oddly indeed alongside the 63 per cent support for the notion that employers "should have more legal obligations to their workers."

In other words, people don't like the trade unions they have got, but don't want to be without some kind of intermediary protection in their relationship with their employers. A pretty compelling case for internal reform in Great Russell Street, one would have thought, and perhaps a note of caution to Mrs Thatcher when she starts thinking about her strategy for a second term.

On more immediate political issues, only one third think it more important to attack inflation than to attack unemployment and only 10 per cent support cuts in social services and education. Half the sample thought more of the economy should be in the private sector.

There is gloom, however, about the big social issues. Three-quarters felt civil unrest and riots would "get worse" and the pessimists were in a majority on wars, race relations and the "general level of morale," whatever that means.

Whether Henley man is free and happy is a question not specifically canvassed. But one cannot help thinking, as W. H. Auden once mused in a different context, that "the question is absurd. Had anything been wrong, we should certainly have heard."

Planning for Social Change 1982: Henley Centre, 2 Tudor Street, London EC4.

Letters to the Editor

The root of the problem is inflation

From the Deputy Group Managing Director, The BOC Group

Sir,—A distinct air of unreality has entered the present argument about current cost accounting, and it may be helpful to restate the issues that really matter.

The central problem is not that of inflation accounting, but of inflation itself and the problems that it poses for those running the nation's businesses. We have suffered from double-figure inflation since the early 1970s, and only recently have we seen signs of improvement. While we hope that the improvement will continue, the memory of the very difficult period in 1975, when inflation seemed well on the way to 30 per cent, is still much in mind. Managers have had to adapt to this environment by learning to think in terms of real costs and values as a basis for decision-making.

No one will pretend that an accounting convention is other than just one of the many elements in this process, or deny that many successful managers have coped quite adequately using traditional accounting methods—provided these are backed up by a tight system of cash control. But our own experience in BOC is that we found the historical cost approach increasingly less useful during the 1970s. Therefore we developed during those years a technique of continuously reassessing the replacement cost of our asset base and of setting depreciation charges accordingly. While this was by no means a complete answer, it provided a good measure of practical help in establishing a better judgement of the financial performance of our predominantly capital intensive businesses. We believe that our shareholders would wish to judge our performance in the same terms as those used by the management—hence our use of the so-called "modified historical cost" basis in our report and accounts.

The accounting profession has likewise been attempting to adapt to the changes in business environment. While there have been, not surprisingly, some false starts, we feel that SSAP 16 represents much the most promising approach we have seen so far. There are of course a number of open issues which will only be resolved with the benefit of growing experience in practical use. A three-year period of experimentation is therefore entirely sensible.

Against this background the present argument seems inappropriately timed. I suggest that we should at least complete the period of experimentation; then by all means let there be sensible and, let us hope, informed debate on the issues arising. To call for the "immediate withdrawal" of SSAP 16 at this juncture would, I am sure, occasion immense harm to the standing and credibility of the accounting profession.

P. G. Bosonnet.
BOC Group.
Hammersmith House, W6.

The Falklands victory

From Mr J. Tunnicliffe

Sir,—To answer Dr Rogers (June 22), the brilliance of the Falklands victory consisted in overcoming the Argentine air superiority, seizing and holding the initiative on land and destroying the Argentine will to resist by a phenomenal tactical use of infantry on difficult terrain and in atrocious weather — all within the space of a few weeks.

The loss of lives was grievous, but it cannot be compared with Suez, where a limited action took place against unprepared and feeble opposition.

The loss could, however, fairly be compared with the tenfold greater death toll in Northern Ireland after 14 years of failure to mount a proper war against a self-styled army.

Argentina has steadfastly refused to take its case to the International Court. It has shown no sign of willingness to allow the inhabitants of the Falkland Islands to decide their own future. In their brief occupation of the islands the Argentines sought to impose every petty measure of alien and undemocratic rule on the islanders. Towards the end the occupying troops behaved abominably.

Negotiations have failed in spite of great endeavours by both Britain and the U.S.A. It has become apparent that there is no machinery for diplomatic decision-making in Argentina.

Dr Rogers urges Britain "to take the steps necessary to negotiate a lasting peace." What steps are there in these circumstances?

Does Dr Rogers seriously believe the Argentines would ever have left the islands voluntarily? Does he think that peace under alien rule is preferable to war fought to preserve one's own political institutions?

The best hope of a just peace, as opposed to any peace, is to persuade Argentina that the cost to it of fighting for the islands in the foreseeable future will be unacceptably high. This would be the true benefit of the campaign that has just ended.

J. D. Tunnicliffe.
100 High Street,
Great Abington,
Cambridge.

Greencoat's position

From the Chairman, Greencoat Properties.

Sir,—I am writing as chairman of Greencoat Properties in connection with the article about Greencoat which appeared on June 18. I should be grateful if you could give me space to correct one impression which an uninformed reader might have drawn from the article.

Your correspondent attributed Greencoat's problems in Paris to the mistakes of some of the past management. I would like to correct any implication that Mr David Houghton's immediate predecessor as managing director of Greencoat, Mr Tony Kelley, had any responsibility for Greencoat's losses in France. Indeed, the truth is that without Tony Kelley's substantial contribution in recent years Greencoat would not be in the stronger position it is today.

E. T. Razzall,
Greencoat Properties,
7 Wolsey Road,
East Molesey, Surrey.

Students from overseas

From the Director, Polytechnic of the South Bank

Sir,—Malcolm Rutherford, in assessing the cost and benefits of overseas students (June 21) states that the "steel mill theory" (that overseas students return home and eventually order British steel mills) is not proven. I cannot help him with steel mills but I can provide support for the "baking oven theory." South Bank Polytechnic houses the National Bakery School and a major British oven manufacturer has sold more than one large scale baking oven to Nigeria as a direct result of one of our Nigerian students returning home and using the experience and contacts he formed here.

We have also had a Nigerian student whose father and grandfather trained in baking at South Bank; we can give many examples of both direct and indirect benefits to Britain from these continuing contacts with overseas students.

Overseas students undoubtedly enrich our student body and bring many other benefits to the Polytechnic but the main point I would like to add to this debate is a moral one:

The increase in overseas fees has meant that it is the poorer students, particularly from "third world" commonwealth countries, who have been forced to go elsewhere while it is the sons and daughters of rich parents and those from richer countries who can continue to come. Any move to aid poorer students from the third world and overseas students in general will be very much welcomed here and I hope the small resources necessary to implement the overseas student trust's proposals will be forthcoming.

John Beishon.
103, Borough Road, SE1

Back to the Gold Standard

From Mr J. C. D. Mackay.

Sir,—Page 25 of today's (June 24) issue of your esteemed and enlightened journal provides a clear question and suggests a possible answer to the main if not the only real problem in the financial world today.

Anthony Harris states that in relation to "the present crisis of rising U.S. interest rates and a runaway dollar" (I deem this the problem) . . . "the one thing clear is that the present rules don't work."

Michael Dixon in the neighbouring columns distinguishes between the intellectual academic approach of "knowing what" (does Anthony Harris's essay fit this decription?), and the intelligent skill of "knowing how" which is so required by but inadequately trained for in our society.

Seriously, since the Western World came off the gold standard, clever people the world over have so manipulated money that the West is condemned forever to inflation—the rate is variable, but the reality is permanent — and interest-rates that will always have been higher than necessary because of inflation.

May I respectfully suggest therefore, that our political leaders and your own highly influential newspaper mount a campaign of leadership and persuasion to return the West to the gold standard, by, say, January 1985—the start of the second half of this decade.

J. C. D. Mackay,
81 Baynam Road,
Sevenoaks, Kent.

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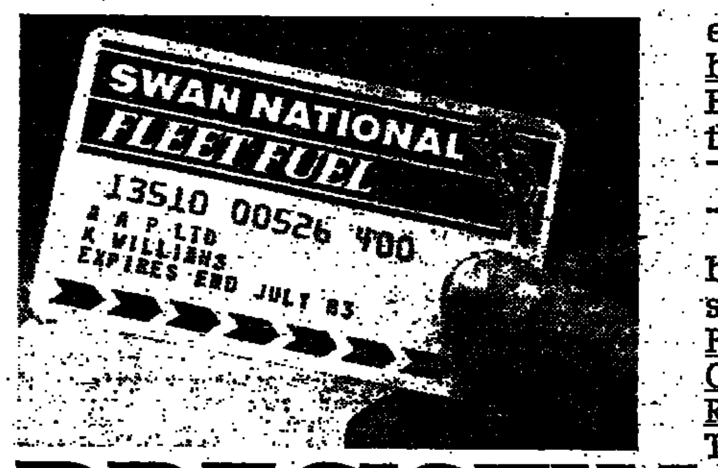

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SWAN NATIONAL

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Trident lower but long-term confidence

A FALL from £4.26m to £3.86m in pre-tax profits is reported by Trident Television for the six months to March 31 1982. Turnover of this television programme contractor—its subsidiaries include Yorkshire TV and Tyne Tees TV—dropped from £54.05m to £52.13m.

The Playboy acquisition resulted in a write-off of goodwill of £11.59m which was included in extraordinary debits of £13.14m against credits of £369,000.

The directors say prospects for the year to September 30 1983 are good and very much in line with original projections — always on the conservative side when the Playboy purchase was made.

They add that confidence in the company's basic strength is reflected in the decision to maintain the interim dividend at 1.26p net, and Mr G. E. Ward Thomas, the chairman, is sure that after this year of transition and reorganisation the company will be stronger than ever.

Commenting on its leisure interests, he says business is building very satisfactorily at the Clermont, and the Victoria continues to do well. The company's appeal against the refusal of a licence for the casino in London's Park Lane will be heard on July 26.

He says results for the year will depend heavily on the position it achieves in gaming, but in maintaining an adequate complement of experienced gaming staff during the closure at Park Lane and the Clermont, the company has incurred heavy costs.

These costs, coupled with the very limited period of trading at the major casinos, indicate that overall group profits in the second half will be minimal—indeed, the company cannot assume more than a break-even situation for that period, he says.

Tax for the first six months was £2.3m against £2.45m. Apart from the £11.6m write-off resulting from the Playboy acquisition, extraordinary debits included unrealised exchange losses of £171,000 (£369,000 gains) and other debits of £1.37m (nil) being a provision of £1.7m against film rights held by U.S. subsidiaries, the profit on sale of assets amounting to £621,000 and exceptional expenditure incurred in the gaming division of £295,000.

HIGHLIGHTS

The Lex column looks at the current position in the British insurance industry where vicious competition from overseas companies has been driving premiums down on commercial lines of business. A cheeky takeover has been launched in the laundry sector. Yesterday morning Sunlight Laundry pitched in with a £30m offer for Johnson Group Cleaners which is being resisted by the latter's directors. Finally the column looks at a mysterious feature of a Chancellor's written answer last Friday from which most, but not all, of one paragraph has been expunged. On the inside pages Arthur Holden reports full year figures and again endorses the sense behind ICI's agreed bid which has been held up by a Monopolies Commission reference.

● **comment**

It has been a period of major transition at Trident and the halftime figures bear little relevance to the future beyond year end. Yorkshire TV, now 80 per cent held, and Tyne Tees, 30 per cent held, were fully consolidated for the first quarter. There were also several weeks during which all three London casinos were operating. Unless the volatile gaming profits finish on a very high note the group results for the year to the end of June will show little movement on the midyear figures. For the coming year the group faces two distinct scenarios. If the authorities continue to block renewal of the Park Lane licence then, including a useful contribution from the rental of the TV studios and equipment, it is likely to produce something similar to its days as a full blooded television company — around the £8m pre-tax mark. Success with the appeal, however, would put the group in a different ball game with the addition of a casino which formerly generated approaching £11m pre-tax a year. A change in legislation may permit further appeals to be made quarterly but continued failure points to sale of the Park Lane assets, in which there has been strong interest, before the end of 1982-1983. Yesterday the shares dipped 2p to 71p for a yield of 8.7 per cent and a prospective fully taxed p/e that leaves little to chance at about 18.

Sunlight bids £30m for Johnson Cleaners

BY RAY MAUGHAN

Sunlight Services yesterday launched an ambitious £30m reverse takeover bid for Johnson Group Cleaners. The offer follows Sunlight's approach to Johnson a week ago which was shunned on the basis that it lacked "any commercial or business merit."

These overtures are the result of a 12-month investigation by Sunlight into the merger prospects and have been translated into a formal offer because, in Sunlight's view, the businesses are complementary, because the industry is being forced by the combined effects of recession and the textile rental market's growing maturity into ever larger groupings and because it "believes its management can achieve a better return from Johnson."

The formal bid found Johnson chairman, Mr John Crackett, holidaying on a boat off the Welsh coast and the rest of the board out of the group's Liverpool headquarters. Johnson said later that it considered the bid to be "wholly unacceptable."

Sunlight is offering five ordinary shares, 256p nominal of convertible unsecured loan stock and 380p in cash for every four Johnson ordinary shares. These added 45p yesterday to 263p in contrast to the value of the offer of 273p per share taking the loan stock at par and each Sunlight share at 91p, down 6p. Sunlight is also offering 100p in cash for every 6.3 per cent Johnson preference share.

Sunlight produced pre-tax profits of £2.2m last year and Johnson made £4.1m in the 12 months to December 26. Johnson's net tangible assets amounted to £22.8m at the balance sheet date while Sunlight was backed by assets of £8.6m. On a current cost basis, the discrepancy of the relative size of each group becomes more pronounced given that Sunlight's CCA net worth was £10.3m at the end of December while Johnson's assets are shown at £53.3m.

It is expected that Johnson's shareholders will receive immediately over half the combined equity and an even larger share on conversion of the convertible loan stock.

The bidder also forecasts profits of £2.7m for the current year, an increase of 25 per cent, and expects to lift the total dividend by a fifth to 4.05p per share.

The bid will lapse if there is a reference to the Monopolies and Mergers Commission. Johnson fought off a £5m equity bid by Sketchley four years ago with the help of a reference to the Commission by the Office of Fair Trading which centred on the strength of the enlarged group in the retail dry cleaning market. Sunlight is now insisting that the two companies are complementary in that Sunlight does not compete in this field, which accounts for two thirds of Johnson's turnover, while Johnson, in turn, has not entered Sunlight's principal sphere of activity in office and commercial cleaning.

The bidder is also at pains to highlight the sharp divergence of operating returns. On a current cost basis, Sunlight says it is making 18.2 per cent on assets employed while Johnson is producing only 5.2 per cent. On an historic basis, Sunlight's earnings have climbed 32 per cent while Johnson has suffered a 35 per cent decline. Sunlight has lifted dividends by 73 per cent over this period while Johnson's distribution has increased by 24 per cent.

However, Mr John Ivey, Sunlight's deputy chairman and chief executive, stressed yesterday "that we have to be positive in our attitude to Johnson's problems." Sunlight will make a thorough examination of Johnson's activities.

"Although no guarantees can be given, Sunlight will do its best to minimise the number of redundancies." No material changes to the dry cleaning activities are under consideration "although it will be necessary to improve the returns earned on the assets employed."

Mr Ivey added that "although we have to assess certain areas such as costs and marketing, we know exactly what we want to do with Johnson's dry cleaning business."

See Lex

Roger Taylor

Mr Ronald Marler, the chairman of Electrocomponents, which returned improved profits for the year to March 31, 1982

Electrocomponents at £15.7m: payout raised

PRE-TAX profits of Electrocomponents advanced from £14.56m to £15.74m for the year to March 31 1982 on higher turnover of £78.5m, compared with £65.87m.

Stated earnings per share moved ahead from an adjusted 7.7p to 8.66p and the dividend is being effectively increased from 1.95p to 2.2p net by final of 1.35p.

Tax took £7.06m (£6.86m) and minorities accounted for £14,000 (nil). Extraordinary credits totalled £249,000 (nil), being profit on the sale of freeholds and scrip issue costs.

On a CCA basis taxable profits emerged at £14.65m (£12.55m).

At the six-month stage the group, a manufacturer and distributor of electronic components, returned taxable profits of £7.04m (£5.84m) from sales of £35.96m. Although indications were that sales expansion would continue, the directors warned that margins and profit growth would remain under pressure.

● **comment**

The market had expectations for Electrocomponents. The shares scooted up from 120p at the interim stage and stood at 165p before these figures were announced. The company did not disappoint. Yesterday the shares added another 7p to reach 172p. In the face of fierce competition and so-so demand, sales climbed more than 19 per cent in the year while pre-tax profits tacked on a 8 per cent gain. The sales growth has been fuelled by the company's two-tier price system which encourages bulk orders by offering cut-rate prices. The effect on trading profits has been less traumatic than feared; margins lost just two points in the year to end at 17.7 per cent. But two-tier price systems do not a glamour rating make. The company is now sitting on some £15m in cash, just enough to finance a U.S. acquisition and help pay for its relocation to Corby, if the company gets its timing right. But developments offer good growth potential over the medium-term. In the meantime, both Radio Rcsistor and the Packard franchises appear to be bouncing back. The market is looking for £18m pre-tax this year, which gives the shares a fairly reasonable rating of 19.6. The yield is 1.8 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Burns-Anderson, Hadland, Hardys and Hansons, Hayters, Lincroft Kilgour, Throgmorton Trust.

Finals—Avana, BPB, Brickhouse Dudley, Hoveringham, International Timber, Montague L. Meyer, Paterson Jenks, Phillips Patents.

FUTURE DATES

Interims:—

Blundell-Permoglaze	July 13
Imperial Chemical Industries	July 29

Finals:—

Associated Leisure	July 5
Distillers	July 15
Fitch Lovell	July 29
Highgate and Job	July 2
Hollas	July 7
London and Midland Industrials	July 15
London Pavilion	July 5
Moorgate Investment Trust	July 14

Problems for Wiggins Gp. but signs are brighter

TURNOVER at Wiggins Group, contractor and developer of estates, plunged from £30.35m to £18.07m in the year to March 31 1982 and pre-tax profits were also well down at £705,000 compared with £1.32m. The final dividend is raised from 1.5p to 1.85p net for a total up from 2.5p to 3p.

These results do not include any contribution from Gee Walker and Slater, which was acquired from Newarthill at the year-end, nor from the new commercial and industrial development programme.

A £350,000 prior year adjustment has been made to reserves in respect of contested development land tax liabilities.

Tax for the year was up from £71,000 to £84,000. There was an extraordinary debit last time of £205,000. Stated earnings per 10p share fell from 19p to 9.5p on a net basis and from 20.1p to 10.7p on a nil distribution basis. On a CCA basis, pre-tax profits were £293,000 (£755,000).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Electrocomponents	1.35	—	1.1*	2.2	1.95*
Glass Glover ....int	1.13	Oct 1	0.8	—	2.5
Halma	0.9	Aug 20	0.75*	1.46	1.22*
Arthur Holden	4	—	3	6	5
Maurice James	0.75	Sept 1	1	1.25	1
Law Land	1.35†§	—	0.95	2†§	1.5
Moorgate Mercantile	0.7	Oct 1	0.65	1	0.9
Somic	1	—	1	1	1
Tecalemit	0.8	Aug 7	1.04	1.6	2.08
Trident TV ....int	1.26	Sept 2	1.26	—	4.26
Wiggins Group	1.85	—	1.5	3	2.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § For 15 months.

electrocomponents public limited company

Trading results for the year to 31 March, 1982

(Subject to audit confirmation)

	Half year 1.10.81 to 31.3.82	Full year to 31.3.82	Full year to 31.3.81 (Audited)
	£'000	£'000	£'000
Turnover	42,526	78,501	65,872
Profit before taxation	8,699	15,739	14,562
Taxation	3,706	7,060	6,860
Profit after taxation	4,993	8,679	7,702
Attributable to outside shareholders	—	14	—
Profits before extraordinary items	4,993	8,665	7,702
Extraordinary items	(32)	249	—
Earnings available for shareholders	4,961	8,914	7,702
Earnings per share	4.99p	8.66p	7.70p
Increase on corresponding period—			
External sales	22.4%	19.2%	14.9%
Profit before taxation	12.7%	8.1%	11.6%

Extraordinary items comprise the profit on the sale of the Reading freehold, and costs relating to the scrip issue.

Dividends and earnings per share for the previous year have been adjusted for the 4 for 1 scrip issue made on 4th September, 1981.

At the Annual General Meeting to be held on 6th September, 1982 the Board will recommend a final dividend of 1.35p per share, making a total for the year of 2.20p (1.95p previous year).

Copies of the Report and Accounts will be available from the Secretary, Electrocomponents plc, Maple House, 37/45 City Road, London EC1P 1HX, from 13th August, 1982.

Britain's biggest electronic components distributor

Glass Glover advances midway

FOR THE six months to March 31 1982, pre-tax profit for Glass Glover Group rose from £247,000 to £492,000 after interest charges of £4,000 against a £33,000 credit previously.

Directors say the second half has started well and are confident that profits during this period will exceed last year's £621,573.

The group, a holding company with interests in food distribution and importing fruit and vegetables, is raising its net interim dividend from 0.8p to 1.125p from earnings per 5p share of 3.5427p (1.8823p). Last year a total of 2.5p was paid.

Turnover for the period was £24.83m, against £16.02m. Tax took £266,000 (£131,000).

At the time of a rights issue in January the directors said turnover and profits for the first quarter were well ahead and forecast interim profits for the first half significantly above those for the comparative period. They said they intended to recommend dividends for the year to September 30 1982 of not less than 3½p net per share on the enlarged capital.

● **comment**

After six years of record pre-tax profits, Glass Glover has surpassed itself, with doubled interim profits. About ½ of the 55 per cent rise in turnover represents volume increase. Traditionally Glass Glover's turnover is geared to the second half, but the company has taken up the slack on existing capacity, and increased product range. Though highly operationally geared this has meant being a net payer of interest for the first time. Increased market share is not the whole of it — supermarkets have increasingly turned to fresh fruit and vegetables as a sanctuary in the price war. The £590,000 rights issue proceeds have all gone towards completion of the new £1m Midlothian depot, which is just coming into operation. Given the strategy of becoming relatively less dependent on the second half for profits, a similar increase in that period's figures is not on, but a full year outturn of about £1.25m is on the cards, putting the shares, up 6p to an all time high of 161p, on an ex-rights P/E of over 17.

Tecalemit ends £0.65m down

PRE-TAX profits of Tecalemit dropped from £2.19m to £1.54m for the year to March 31 1982 although figures for the second half matched those of the corresponding period last year, emerging at £949,000, compared with £944,000.

In order to conserve cash resources the dividend is being reduced from 2.0834p to 1.6p net per 25p share, by a final of 0.8p (1.0417p).

Turnover for the year advanced from £50.84m to £54.24m but at the trading level profits came through £502,000 lower at £1.99m—the group has interests in service, lubrication and filtration systems, garage equipment and combustion engineering.

The directors say the results must be seen against the decisions taken in 1980 to reduce costs to meet the current low level of world trading activity in which they do not anticipate any marked improvement for some time to come.

Further steps are, therefore, being taken to improve productivity and innovate new product areas.

For this purpose the group has invested some £2m in advanced cost-reducing plant and machinery and steps are being taken to improve sales performance and market penetration, both in the UK and overseas.

The taxable surplus was after taking account of higher interest charges of £455,000 (£306,000). Tax was substantially lower at £104,000 (£808,000) reflecting the relatively high level of investment in cost-saving plant and machinery.

After taking a minority credits of £6,000 (£69,000 debit) and extraordinary debits last year of £266,000, profits at the attributable level were higher at £1.44m (£950,000), from which dividend payments will absorb £546,000 (£701,000). Stated earnings per share were 4.2p (3.6p).

The directors point out that a change in the basis of stock valuation in accordance with SSAP 9 increased the before-tax figure by £51,000 (£275,000 decrease) and that comparative results have been adjusted.

The £656,000 first half shortfall at the pre-tax level was blamed mainly on Fogautolube being affected by customers holding off ordering after the French presidential elections and the combustion engineering division suffering from low demand in both the UK and Germany.

Current cost accounting turns the pre-tax surplus for the year into a loss of £155,000 (£136,000 profit) and on the same basis there was a loss per share of 2.1p (2.4p).

● **comment**

Tecalemit's profits sagged for the second year running and there appears to be no sign of a major climb back in the current year. Pre-tax profits were 30 per cent down dashing hopes that last year's cost cutting would lead to an improvement. Margins have been squeezed in the engineering business by the industry-wide chase for work, particularly for less sophisticated products. The most damaging factor in the decline comes with the turnabout in Fogautolube, the French garage equipment company. Normally it accounts for more than a quarter of profits but it only just managed to stay in the black after a first-class loss. Tecalemit claims that French political conditions are to blame but other companies manage somewhat better. The other adverse factor is the low level of housing starts in West Germany and until recently the UK which has hurt the boiler division. The good news for the company is that sales of its brake testing equipment have held up. There had been earlier fears of an end to the surge in orders caused by the change in MOT requirements in 1979. Heavy capital expenditure financed mainly by cash flow reflects the continued move up markets in product range and expansion of the electronics interests. But with the bulk of business in mechanical engineering, the market's expectations are low. The shares fell ½p to close at 28p to yield 8.9 per cent.

Receiver appointed to Findlay Hardware

Findlay Hardware Group, the Scottish hardware distribution business, has gone into receivership. The group announced yesterday that, following the break down of merger talks with the hardware subsidiary of Combined Technologies Corporation earlier this month, the board had no alternative but to appoint a Receiver.

Accordingly, Mr W. M. Brownlie of Ernst and Whinney, was appointed a Receiver. Findlay was already in arrears of preference dividend payments, the revaluation of properties required by Comtech revealed a £335,000 shortfall against book values and it is understood that borrowings have reached some £3m by comparison with net assets of under £1m.

YORK TRAILER

York Trailer Holdings, the trailer manufacturing company, said yesterday that it will not be possible to pay the preference dividend due to be paid today.

The directors say that despite an improvement in the company's financial position they feel this is insufficient

Moorgate Mercantile up at £0.45m

Taxable profits of Moorgate Mercantile Holdings advanced from £403,000 to £451,000 in the year to March 31 1982 on higher turnover of £9.36m, compared with £8.79m.

With earnings per 10p share of this group—which provides instalment credit finance leasing facilities, personal accident and pecuniary loss and life assurance—stated at 1.1p (2.04p) and at 1.81p (1.48p) before ACT written off, the year's dividend is being raised from 0.9p to 1p net with an increased final of 0.7p (0.65p).

Hoveringham finishes £1.64m into the red

A SHARP downturn from pre-tax profits of £2.19m to losses of £1.64m is reported by Hoveringham Group for 1981. The group had earlier seen its profits fall from £1.39m to £465,000 at the midway stage.

Tax credit for the year was £115m against a previous debit of £371,000. There was a minorities debit of £10,000 (£14,000) and an extraordinary debit of £2.51m.

The group operates gravel, sand, limestone and gritstone quarries and produces ready-mixed concrete. It also has transport, waste-disposal, leisure and insurance interests. Turnover fell from £77.17m to £71.9m in 1981.

45 companies wound up

COMPULSORY winding up orders against 45 companies were made by Mr Justice Nourse in the High Court earlier this week. They were:—

Figuredene, A. J. Webb & Associates (Engineering), Tectonic Constructions, Trasar Engineering, Biggs Construction, Rosewood Associates, Asperton, Parc Video, Sunbond.

Harwoods Business Systems, Vanderbay, P. Turner Computer Consultancy, Loystar, Hawksclough Engineering Company, CTS (European), Dutyfine, Jack Evans (Plant Hire), Colacent Enterprises, Llareggub.

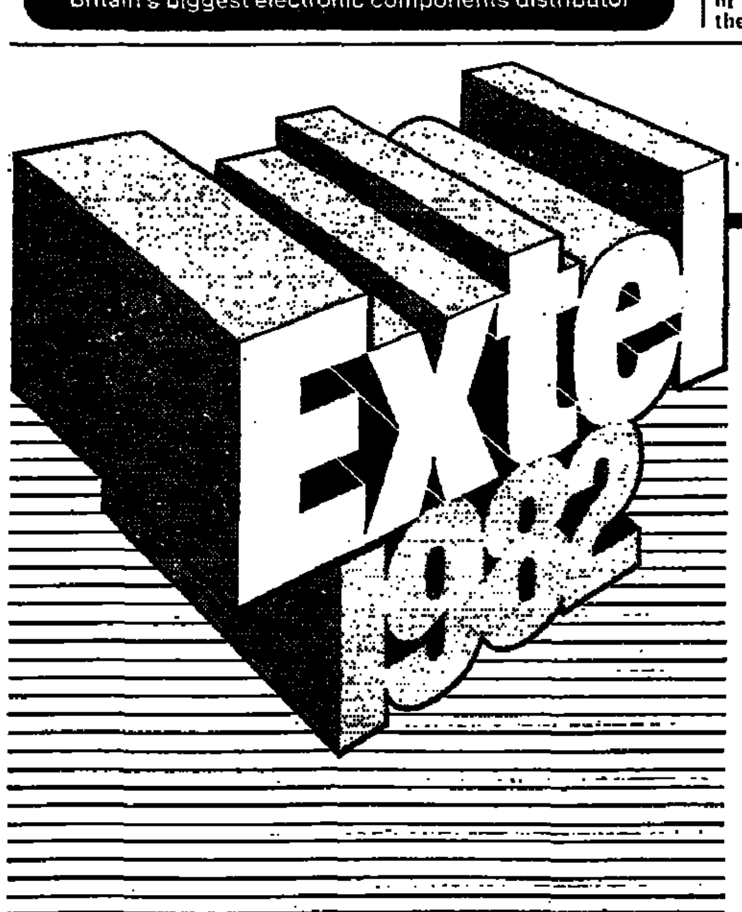
Totham Investments, Metro Reed, The Magic Inch Pipe Company, Covingway, Bateman Demolition, Westpoint Investments, Wharfshaw, Mr John Agnis (London), William Gray Consultants.

MDB Electronics Co-Operative, Savoy Editions, Southern Portable Gas and Leisure, Simon International Freight, F. Gardiner (Autobody Services), Stone-Platt Crawley, Shimplan, Izerplan, Circa.

Tiddar, Wake Bros. (Haulage), The House of Flowers, Hoepark Transport, Talboys and Price, Decor (Richmond).

Salop Quayfisheries, Davison Publishing. A compulsory winding up order made on May 24 against Omega Construction Company was rescinded and the petition dismissed by consent.

PROGRESS MAINTAINED



Alan B. Brooker, Chairman, reports:

RESULTS

After a very good second half the full year profit before taxation was 24% higher at £4.45m. A final dividend on the increased capital is recommended of 6.5p per share making a total of 9.0p, an improvement of 12.5%.

PRINTING

Burrups Printing Group had another successful year. The computer typesetting system continued to grow and U.S. links were established.

ADVERTISING AND PUBLIC RELATIONS

Most areas of the Royds Advertising Group, including financial advertising, operated at good levels of profit. Extel Public Relations attracted an impressive list of new clients.

SPORTS SERVICES AND COMMUNICATIONS

Extel-PA Show continued to expand satisfactorily and is making an increasingly important contribution to group profits. Robophone is extending its range of products and services.

FINANCIAL AND BUSINESS INFORMATION

Financial News Services changed its emphasis towards more intensive coverage of news. Extel Statistical Services expanded its activities further. Extel Computing maintained its position in most market areas.

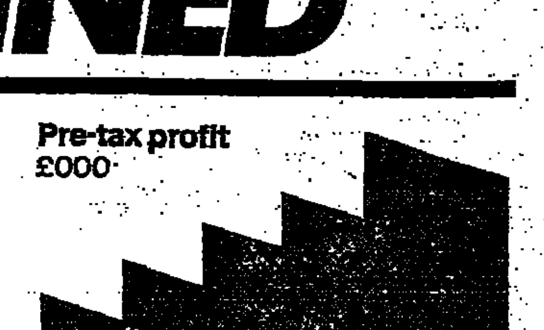
MICROSYSTEMS AND TELECOMMUNICATIONS

Digital Microsystems achieved a rapid rate of growth and Transtel again expanded its teleprinter marketing and manufacturing capabilities.

THE FUTURE

"We have a number of well managed businesses whose prospects appear to be good and, particularly if we can make further acquisitions suited to our plans, our progress of recent years should be maintained."

Pre-tax profit £000



Dividends per share

Copies of the Annual Report and Accounts can be obtained from The Secretary, Extel Group PLC, Extel House, East Harding Street, London EC4P 4HB.

Extel

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UK COMPANY NEWS

Solid second half at Arthur Holden

SECOND-HALF pre-tax profits at Arthur Holden and Sons improved from £342,000 to £819,000 and this resulted in higher profits of £1.73m against £1.43m for the full year to March 31 1982. Turnover of this manufacturer of lacquers, coatings, varnishes, adhesives, powder coatings, corrosion resistant paints and printing inks, rose from £23.88m to £27.69m, an increase of 16 per cent.

Mr P. A. J. Sturge, the chairman, says that at the end of September 1981, after six months trading, group profit was 16 per cent lower than in the same period of the previous year, but it looked forward to a substantially better second half. As it turned out, it was better than expected, and the full year's figure exceeded the forecast of £1.65m.

In spite of the effects of the recession, and of intense competition throughout the industry, it has succeeded in holding its place in the markets served and the results show an improvement of some 20.8 per cent.

Mr Sturge says that since the start of the new financial year, all market groups have been trading as expected. In view of the improved profit now reported, the board has increased the final dividend from 3p to 4p net for a higher total of 6p (5p).

He comments on the various approaches made to the company, culminating in the offer from ICI on February 16 1982 which received the support of the directors, of employees and of a wide section of shareholders.

The offer was caused to lapse by its reference to the Monopolies and Mergers Commission on March 16. The investigation into matters affecting the public interest arising from the ICI proposal is continuing. The report and decision of the Secretary of State is expected to be published in the autumn, he says.

Mr Sturge reaffirms that the ICI proposal is in the best interests of Holden's shareholders, its employees and customers.

Tax for the year was up from £524,000 to £778,000, and after minorities of £75,000 (£6,000), attributable profits emerged at £1.02m (£910,000). Dividends absorb £428,000 (£355,000), leaving retained profits of £595,000 (£555,000). Stated earnings per 25p share rose from 12.86p to 14.38p. On a CCA basis, pre-tax profits were £987,000.

● comment

Arthur Holden's attainment of slightly better figures than those forecast at the time of the ICI bid, was due simply to a very good March. The recent hot weather has painted a favourable picture for the company's drink cans operation, but the onset of cyclical recovery is not yet apparent with the order book still something of a hand to mouth affair. In the wake of 1980/81's acquisitions, France is now the base for about 50 per cent of Holden's turnover. Although Mitterrand-style reflation was a bonus, the price freeze, and now devaluation, most certainly are not. While Metal Box and International Paints hold over 21 per cent of the equity between them, the significant stake is the 14.9 per cent held by ICI. The Molopolies and Mergers Commission is due to report by mid-September, and if favourable, Holden believes that board and family acceptances totalling 35 per cent of the equity will again be forthcoming. The company arges that growth in its main markets can best be achieved by world wide operations, and that it needs ICI if this is to be attempted. The shares, unchanged at 180p, the price at which ICI made its February offer, yield 4.9 per cent, and are on a p/e of about 16.

Ecobric set for USM placing

ECOBRIC, a North London scrap metal processor which also engages in demolition work, is joining the USM by way of a placing which will capitalise the company at £1.76m.

The placing will raise some £250,000, which will be used to reduce borrowings and provide working capital for the company.

Ecobric's sales increased from £631,422 in 1977 to £2.6m in the year ended last September. Pre-tax profits in the same period moved from a deficit of £193,780 in 1977 to £313,568 in 1981. For the six months ended March 31, the company earned £116,070 on sales of £1.4m. It forecasts pre-tax profits for the year ended this September to be not less than £350,000.

The placing will be made up of the 300,000 new ordinary £1 shares, 100,000 existing £1 ordinary shares, and 100,000 existing deferred shares of £1. The placing price is £4.60 per unit of three new ordinary shares plus one existing ordinary share and one existing deferred share.

The existing ordinary and deferred shares are being sold by Ecobric's chairman and managing director Mr Leslie Jones. Following the placing, Mr Jones will hold 24.13 per cent of the issued ordinary shares and 85 per cent of the deferred.

The existing ordinary shares are not eligible for a dividend for the financial year ending September 30 1982. The deferred shares are to be converted into ordinary shares when the pre-tax profits of the company exceed £450,000, providing shareholders approve.

The directors intend to recommend a final dividend of 7.3p per ordinary share for the year ending September 30, which together with the interim of 3.2p will make a total of 10.5p for the year.

Dealings in the shares are expected to begin next Wednesday. Ecobric's stockbrokers are Sternberg, Thomas Clarke & Co.

Halma moves ahead to £1.7m

IN LINE with Halma's interim forecast, it has reported taxable profits of £1.71m in the 53 weeks to April 4, 1982, compared with £1.28m for the previous 52 weeks. Turnover advanced from £14.19m to £16.49m.

Earnings per 10p share of this group which makes safety systems, fire and environmental control equipment and specialised engineering equipment, are stated higher at 5.19p (4.83p adjusted for one-for-three scrip) and the year's dividend is being raised from a restated 1.218p to 1.461p net with a final of 0.9p (0.75p adjusted).

The directors say the group demonstrated a strong cash flow, after investing £532,000 cash to purchase Hanovia Group and a further £626,000 on capital expenditure. The group's cash balances increased by £1.3m to £2.33m at the year end.

Trading profits rose from £1.41m to £1.75m and pre-tax profits included interest received of £12,000 (£86,000 paid). Tax took £707,000 (£344,000) and minority debits amounted to £5,000 (£2,000).

Extraordinary debits came to £293,000 (£44,000) largely represented by losses on the sale or closure of three businesses which were underperforming and were outside the group's mainstream activities.

The results of these companies were consolidated into the group taxable profits up to the date of their sale or closure. The extraordinary debits include a provision for all the costs associated with the closure of the Standard and Pochin fan business although these costs were incurred after the year end.

Current cost adjustments reduced the pre-tax profits to £1.39m (£984,000).

At the half-year stage, the group was already ahead with taxable profits of £837,000 (£678,000) and turnover of £8.02m (£7.12m).

Bridgend recovery delayed

A reduction from £253,000 to £221,000 in its pre-tax losses is reported by Bridgend Processes for 1981—at halfway, the losses were down from £99,861 to £85,234. Sales of this holding company with interests in development and exploitation of plastic technology, manufacture of electronic products and distribution of security products, improved from £543,000 to £1.05m.

The directors say that in the light of the losses over the last few years, this delay in recovery has had a more substantial impact on the group's financial position.

At the time of the interim statement last November, the group was on course to move out of a loss-making situation in 1982. However, the dislocation caused by bad weather in the installation sector at the beginning of 1982 led to a reduction in turnover in the first quarter of the current year. This factor, added to the postponement of certain large orders which were in the pipeline for the plastics division, has set back the group's recovery by some months.

No tax was payable in 1981 against £2,000 the previous year. There was an extraordinary credit of £340,000 (£258,000), being full payment to the group on sale of three subsidiaries. This resulted in an available profit of £119,000 (£4,000). Stated loss per 5p share was 0.6p (0.7p).

Churchbury Estates well ahead at £0.92m

By William Cochrane

FOLLOWING LAST year's reverse takeover of the Law Land Company, Churchbury Estates has produced preliminary results for 1981-82 which tally with stock market expectations—when account is taken of year-end provisions.

Pre-tax profits for Churchbury — incorporating a £707,000 contribution from Law Land for the period from last August 11 — are £920,000, against City targets of around £900,000, and £555,000 for Churchbury alone in 1980-81. Churchbury had to bear heavy interest charges in the course of the Law Land acquisition.

Law Land's profits emerge at £1.23m before tax for the 15 months to March, against the previous board's forecast of £1.2m for the year calendar 1981. However, Law Land took dealing losses in the final three months of the period, and Churchbury is careful to say that Law Land "came close" to achieving its forecast.

Churchbury, therefore, is honouring Law Land's corresponding dividend forecast of 2p for 1981. But since earnings per share for the full 15 months to March were 1.75p a share for Law Land, including dealing profits, no additional dividend is recommended for the final quarter.

In future, say Churchbury chairman Oliver Marriott and Law Land chairman and chief executive John Evans, it is intended to relate dividends of both companies to profit on investment activities. In each case, this profit is expected to be "substantially higher" in 1982-83.

The provisions apply at balance sheet level where fully diluted asset values work out at 810p per Churchbury ordinary share and 144p per Law Land. These compare, respectively, with outside estimates of 860p to 870p for the new parent, and 154p per Law Land, based on last year's takeover defence forecasts.

Again in both cases, provisions against potential tax liabilities explain much of the difference. In the UK, there are capital gains tax provisions on planned sales of £2m for Churchbury and £1.3m for Law Land. In Belgium, Mr Marriott told the Financial Times, a £1.7m provision has been made for Belgian TAV (the equivalent of value-added tax) against possible property disposals.

CPI Holdings sharply down at midyear

FOR THE six months to March 31, 1982 CPI Holdings, an Irish subsidiary of Marley, returned sharply lower pre-tax profits of Ir£247,000 compared with Ir£870,000 previously. Sales edged ahead to £21.89m against £21.29m, but trading profits fell back from £1.14m to £516,000.

The directors say the results were affected by the severe winter weather, although they report some improvement in the performance of the group's operations in recent months.

They add, however, that reduced consumer spending, as a result of increased tax and high interest rates, is continuing to depress activity in the construction and associated industries.

Half-year tax took £123,000 £309,000), leaving the net figure at £124,000 (£561,000) — equivalent to stated earnings per share of 1.1p (4.6p). The interim dividend is held at 1p.

RESULTS AND ACCOUNTS IN BRIEF

JAMES BURROUGH (distiller of Beefeater gin and Borzoi vodka)—Results for year to February 28, 1982, and prospects reported June 11. Group fixed assets £7.78m (£7.9m); net current assets £5.78m (£4.76m) including bank and cash balances £4.83m (£2.02m). Shareholders' funds £12.66m (£11.69m). Increase in working capital £1.87m (£0.23m). Meeting: Connaught Rooms, WC, July 14, at 12.15 pm.

WEST BROMWICH SPRING — No ordinary dividends (same) for 1981. Turnover £3.37m (£3.86m); pre-tax profit £13,000 (£22 000), after interest £24,000 (£5,000) and exceptional debit £60,000 (nil). Tax CDT £14,000 (£10,000 charge).

DAVENPORT KNITWEAR—Results for 1981 reported May 25. Shareholders' funds £3.5m (£3.47). Fixed assets £639,000 (£569,000). Current assets £1.19m (£1.02m). Current liabilities £643,000 (£601,000). Increase in net liquid funds £191,090 (£1.42m). Increase in working capital £257,000 (£891,000). Chairman says higher dividend reflects financial strength and confidence in the future. Meeting: Leicester, August 27, 11.30 am.

JOHN BEALES ASSOCIATED COMPANIES (clothing maker)—Results for year to March 19 reported June 12. Fixed assets £1.59m (£1.78m). Current assets £5.11m (£4.37m). Current liabilities £1.72m (£1.27). Increase in net liquid funds £285,000 (£1.35m). Increase in working capital £53,000 (£1.45m decrease). Meeting: Nottingham, July 16, noon.

ROWLINSON SECURITIES (builder, civil engineering contractor and property developer, formerly Rowlinson Constructions Group)—Results for year to January 31 reported June 5. Fixed assets £628,000 (£579,000). Current assets £2.71m (£5.42m). Current liabilities £4.3m (£4.54m). Shareholders' funds £8.42m (£7.72m). Decrease in working capital £2.5m (£31,000). Meeting: Stockport, July 15, noon.

H. SAMUEL (multiple retail jeweller)—Results for year ended January 30 1982 already known. Group fixed assets £26.63m (£25.83m); net current assets £26.71m (£25.82m): stocks £29.12m (£27.56m); shareholders' funds £54.28m (£52.55m). Working capital decreased £1.58m (£1.88m). Meeting, Birmingham, July 21, noon.

BOUSTEAD (commodity trading, import/export, engineering, insurance)—Results for 1981 reported April 21. Fixed assets £8.41m (£9.92m). Current assets £29.07m (£21.71m). Current liabilities £21.97m (£17.74m). Increase in working capital £3.41m (£1.34m decrease). Chairman sees encouraging signs of increase in activity, except in Australia, but world economic considerations remain uncertain. Meeting: Westbury Hotel, W1, June 24, noon.

UNITED ENGINEERING INDUSTRIES (investment holding company)—Results for year to January 31 1982 reported May 12. Shareholders funds £20.11m (£9.58m); medium term loans £4.21m (£2.99m); fixed assets £16.51m (£5m); net current assets £9.05m (£6.11m) including bank overdrafts £8.17m (£2.29m): decrease in net liquid assets £2.22m (£745,000). Meeting: Connaught Rooms, WC, July 15, noon.

METAL BOX (packaging containers, central heating equipment)—Results for the year to March 31, 1982, and prospects reported June 8. Shareholders' funds £317.34m (£295.69m). Fixed assets £380.04m (£305.14m). Net current assets £115.99m (£121.8m), including bank and other borrowings repayable in one year £100.38m (£86.05m). Increase in working capital £6.31m (£19.84m decrease). Meeting: Plaisterers Hall, EC, July 22, at noon.

WGI (construction and engineering) Results for year ended March 28, 1982, and prospects reported June 15. Group shareholders' funds £10.92m (£11.64m). Fixed assets £8.67m (£9.75m). Net current assets £3.43m (£3.74m). Working capital increased £0.6m (£2.26m decrease). Company proposes to change its name to "West's Group International." Meeting, Ironmongers' Hall, EC, July 21, 11.30 am.

PEGLER-HATTERSLEY (domestic plumbing and heating fittings, industrial valves)—Results for the year to March 27, 1982, reported June 10. Shareholders' funds £93.96m (£86.79m). Fixed assets £22.08m (£20.29m). Net current assets £60.82m (£56.53m). Decrease in liquid funds £530,000 (£17.89m increase). Capital commitments contracted for £2.37m (£422,000), not contracted for £390,000 (£725,000). Meeting: Grand Stand, Doncaster Racecourse, July 20, noon.

BURNETT & HALLAMSHIRE HOLDINGS (mining, oil and property)—Results for year ended March 31 1982 reported June 23 in full preliminary statement. Group equity funds £77.1m (£47.23m). Medium and long term debt £20.05m (£2.5m). Fixed assets £115.05m (£38.24m). Net current assets £2.95m (£15.11m) including short term debt £31.41m (£1.13m). Net outflow of funds £10.25m (£10.8m inflow). Meeting, Sheffield, July 15, noon.

CAPITAL & COUNTIES (property investment and trading, housebuilding)—Results for year ended March 25 1982 reported May 27. Auditors have qualified accounts in respect of £7.5m provision made in full by the directors against a possible claim from the Inland Revenue. Auditors say it is not possible at this time to ascertain the amount of liability, if any, and accordingly they are unable to express an opinion on whether, and if so, in what amount, such provision my be excessive. Total assets employed £228.31m (£184.32m) including property assets £200.91m (£164.61m). Ordinary shareholders' funds £159.81m (£136.46m). Meeting, St. Andrew's House, 40 Broadway, SW, July 16, noon.

ALPINE SOFT DRINKS—Results for year ended March 27 1982 and prospects reported June 17. Shareholders' funds £5.44m (£4.87m). Fixed assets £5.23m (£4.71m). Net current assets £476,000 (£330,000). Working capital decreased £206,000 (£191,000). Increase in short term deposits, and cash £342,000 (£256,000). Meeting, Birmingham, July 22, noon.

BOOTS COMPANY—Results for year ended March 31 1982 reported May 26 in full preliminary statement. Current cost pre-tax profits £81.7m (£93.8m) against historical £124.7m (£121.4m). Capital expenditure £82.9m (£66.8m). Group shareholders' funds £586.6m (£522.8m). Fixed assets £397.6m (£340.6m). Investments £53.5m (£50.9m). Net current assets £141.6m (£138.1m). Capital commitments £44.5m (£70.5m). Net cash and short-term investments decreased £38.7m (£8.3m). Meeting, Chartered Insurance Institute, EC, July 22, at 11 am.

HOLT LLOYD INTERNATIONAL (car-care products)—Results for year ended February 27 1982 and prospects reported May 14. Group fixed assets £5.25m (£4.52m). Net current assets £9.48m (£9.34m). Shareholders' funds £15.24m (£13.96m). Net borrowings increased £463,000 (£857,000 decrease). Meeting, Wilmslow, Cheshire, July 21, at 3 pm.

WINTERBOTTOM ENERGY TRUST—Net asset value at close of business on June 25 1982 was 53.5p after prior charges at par, and 56.2p after prior charges at market value.

MINING NEWS

Difficult year ahead for South Africa's mines

BY GEORGE MILLING-STANLEY

THE MAJOR industrialised economies of the world have seen the turning point of the economic cycle, and the upswing has started, Mr Lynne van den Bosch told the South African Chamber of Mines yesterday.

Nevertheless, the recovery will be gradual, and the South African mining industry must expect to face severe difficulties for the rest of this year, according to Mr van den Bosch, president of the Chamber.

He told the Chamber's annual meeting in Johannesburg that the industry should be able to look to a gradual improvement in mineral export earnings from next year onwards as the industrialised nations move out of the current recession.

Mr van den Bosch said he believed the South African Government could help the industry by adopting a more positive policy towards the promotion of exports.

This assistance should take the form of a recognition of the cyclical nature of economic events, and an attempt to take this into account when making financial decisions and planning future developments.

The chairman, conceding that he was speaking with the benefit of hindsight, referred to the mistakes made as a result of the euphoria engendered by the enormous increase in mineral export revenues in 1980.

In a further reference to the role the government could play in advancing the cause of the industry, Mr van den Bosch made a not unexpected complaint about the recent imposition of an increased tax surcharge on gold mining companies.

The industry, he said, is strongly opposed to levies of any kind, even when they are to be used to finance the state assistance scheme. All taxpayers should be required to fund this scheme, as they all derive benefits from a healthy gold mining industry.

The chairman said that the past year had seen a sudden and dramatic reversal of fortunes for the industry, as mineral prices no longer managed to advance at a rate which outstripped the prevailing rate of inflation.

This led to a decline of 8.3 per cent in the value of mineral sales, with export sales down by more than 12 per cent. Diamonds fared worst, registering a fall of 38.5 per cent in value, with gold sales declining by 17.5 per cent.

The balance was redressed to some extent by the strong performance of coal, where exports increased in value by no less than 42 per cent.

So far as gold is concerned, the lower average price resulted in an increase of almost half in the amount used in gold jewellery, and Mr van den Bosch expects an increase to above 800 tonnes this year.

He went on to say that current demand suggests that the physical market can absorb new production comfortably, which could provide a firm foundation for a renewed upward trend in the gold price.

Mr van den Bosch, who has now completed his year of office as president of the Chamber, is to be succeeded by Mr W. W. Malan, technical director of the Anglovaal group.

Approval for development of Jabiluka uranium

THE DEVELOPMENT of the huge Jabiluka uranium deposit in Australia's Northern Territory came a step closer to reality yesterday with the announcement that the local Aborgines, traditional owners of the land above the orebody, have given their approval to the project.

The representatives of the Aborigines, the Northern Land Council, initialled a draft agreement with Pancontinental Mining earlier this year, but this had still to be put to the individual members for their approval.

Pancontinental has 65 per cent of the joint venture set up to exploit Jabiluka, with the remainder in the hands of Getty Oil of the U.S.

The Federal Government gave the project its approval in March, conditional on the partners reaching agreement with the traditional owners. The joint venture has still to satisfy the government requirement that uranium ventures must be owned as to at least 75 per cent by Australian interests before mining can start.

Peru industry claimed to be near collapse

FALLING WORLD metal prices have brought the small- and medium-scale mining sector in Peru to the verge of economic collapse, according to Mr Javier Barco Saravia, president of the Peruvian Miners' Association.

The association groups 70 mines, employing 37,000 of the country's 70,000 mineworkers. Between them they account for more than half of Peru's annual output of 43m oz of silver, 437,000 tonnes of zinc and 170,000 tonnes of lead, and a small proportion of the country's 330,000 tonnes of copper.

Mr Fernando Belaunde Terry, Peru's President, intends to propose to Canada and Mexico that the three countries should combine to suspend silver exports for three months.

This action would, however, only suceed in bringing about a recovery in prices from the present extremely depressed level if the U.S. agrees to suspend salse from its reserves, he added.

YEARLINGS

The interest rate for this week's issue of local authority bonds is 13¼ per cent, up an eighth of a percentage point from last week and compares with 13⅜ per cent a year ago. The bonds are issued at par and are redeemable on July 6 1983.

A full list of issue will be published in tomorrow's edition.

LONDON TRADED OPTIONS

June 29 Total Contracts 1794 Calls 1320 Puts 474

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	18	5	28	2	—	—	292p
BP (c)	300	7	9	18	—	26	—	"
BP (c)	330	3	3	9	—	26	—	"
BP (p)	280	4	—	9	26	—	—	"
BP (p)	300	14	66	22	6	28	20	"
BP (p)	330	40	4	44	—	46	—	"
CU (c)	120	13	1	17	—	22	—	131p
CU (c)	130	6	3	12	3	17	—	"
CU (c)	160	1½	—	3½	8	—	—	"
Cons. Gld (c)	330	16	—	25	—	35	1	332p
Cons. Gld (p)	330	14	20	27	2	32	—	"
Cons. Gld (p)	360	32	10	42	—	52	—	"
Ctlds. (c)	70	10	1	14	—	17	—	78p
Ctlds. (c)	80	3	—	7	10	10	—	"
GEC (c)	850	122	3	140	—	175	—	961p
GEC (c)	900	72	2	100	—	133	—	"
GEC (c)	950	34	27	64	8	98	—	"
GEC (p)	900	5	15	16	1	25	—	"
GEC (p)	950	16	7	32	1	42	—	"
Gr'd Met. (c)	194	33	1	36	—	42	—	225p
Gr'd Met. (c)	220	10	15	15	—	21	—	"
Gr'd Met. (c)	240	2	—	6	29	10	—	"
Gr'd Met. (p)	214	4	—	8½	10	11	—	"
Gr'd Met. (p)	220	6	—	13	20	16	—	"
Gr'd Met. (p)	240	17	2	23	3	27	—	"
ICI (c)	300	17	4	26	4	36	—	310p
ICI (c)	330	4	—	14	4	20	—	"
ICI (p)	300	5	10	11	1	14	—	"
ICI (p)	330	20	6	26	—	30	—	"
Land Sec. (c)	280	3	—	12	3	23	—	270p
Mks & Sp. (c)	140	19	—	22	1	26	—	157p
Mks & Sp. (c)	160	4½	—	8½	45	14	—	"
Shell (c)	330	68	—	72	2	—	—	392p
Shell (c)	360	38	4	44	—	—	—	"
Shell (c)	390	12	30	20	—	28	8	"
Shell (c)	420	3	2	14	4	20	—	"
Shell (c)	460	1½	—	5	15	10	—	"
Shell (p)	360	3	—	6	35	—	—	"
Shell (p)	390	9	40	16	—	24	—	"
Shell (p)	420	30	41	40	—	46	—	"
		August		November		February		
Barclays (c)	360	27	—	35	—	45	2	376p
Barclays (c)	390	7	—	18	1	27	—	"
Barclays (p)	383	15	10	30	—	37	—	"
Imperial (c)	80	26	15	7½	—	—	—	105p
Imperial (c)	90	15½	75	17½	3	20	—	"
Imperial (c)	100	8	451	11½	61	14½	39	"
Imperial (p)	100	2½	11	5	—	6½	—	"
Lasmo (c)	280	30	3	42	—	—	—	297p
Lasmo (c)	300	17	10	32	—	50	—	"
Lasmo (c)	330	6	18	20	—	33	—	"
Lonrho (c)	60	12	—	14	8	15	—	70p
Lonrho (c)	70	4½	53	7½	30	9½	50	"
Lonrho (c)	80	1½	3	3½	65	5½	13	"
Lonrho (p)	70	3	20	5	—	7	—	"
Lonrho (p)	80	10	20	11	20	13	—	"
Racal (c)	360	93	2	108	—	—	—	450p
Racal (c)	420	33	23	60	2	73	—	"
Racal (c)	460	9	19	30	1	45	—	"
Racal (p)	420	7	6	16	25	23	—	"
RTZ (c)	360	26	11	42	9	50	6	369p
RTZ (c)	390	8	10	24	70	35	—	"
RTZ (p)	360	14	—	20	—	25	2	"
RTZ (p)	390	30	2	42	—	50	—	"
RTZ (p)	420	53	4	64	—	74	—	"
Vaal Rfs. (c)	40	2½	2	4	—	5½	10	$40
Vaal Rfs. (p)	40	3	—	5½	—	6½	10	"

C=Call P=Put

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Schroder Managed Currency Fund Limited

Incorporated with limited liability in Guernsey, Channel Islands

Authorised £		Issued and fully paid £
100	Management Shares of £1 each	100.00
99,900	Unclassified Shares of 1p each of which there were in issue at 23rd June, 1982:	
	as Participating Redeemable Preference Shares of 1p each	1,325.59
100,000		1,425.59

Application has been made to the Council of The Stock Exchange in London for Participating Redeemable Preference Shares of the Fund to be admitted to the Official List. Particulars of the Fund are available in the Extel Statistical Service and may be obtained during usual business hours (Saturdays excepted) up to and including 14th July, 1982 from:

Bankers to the Introduction
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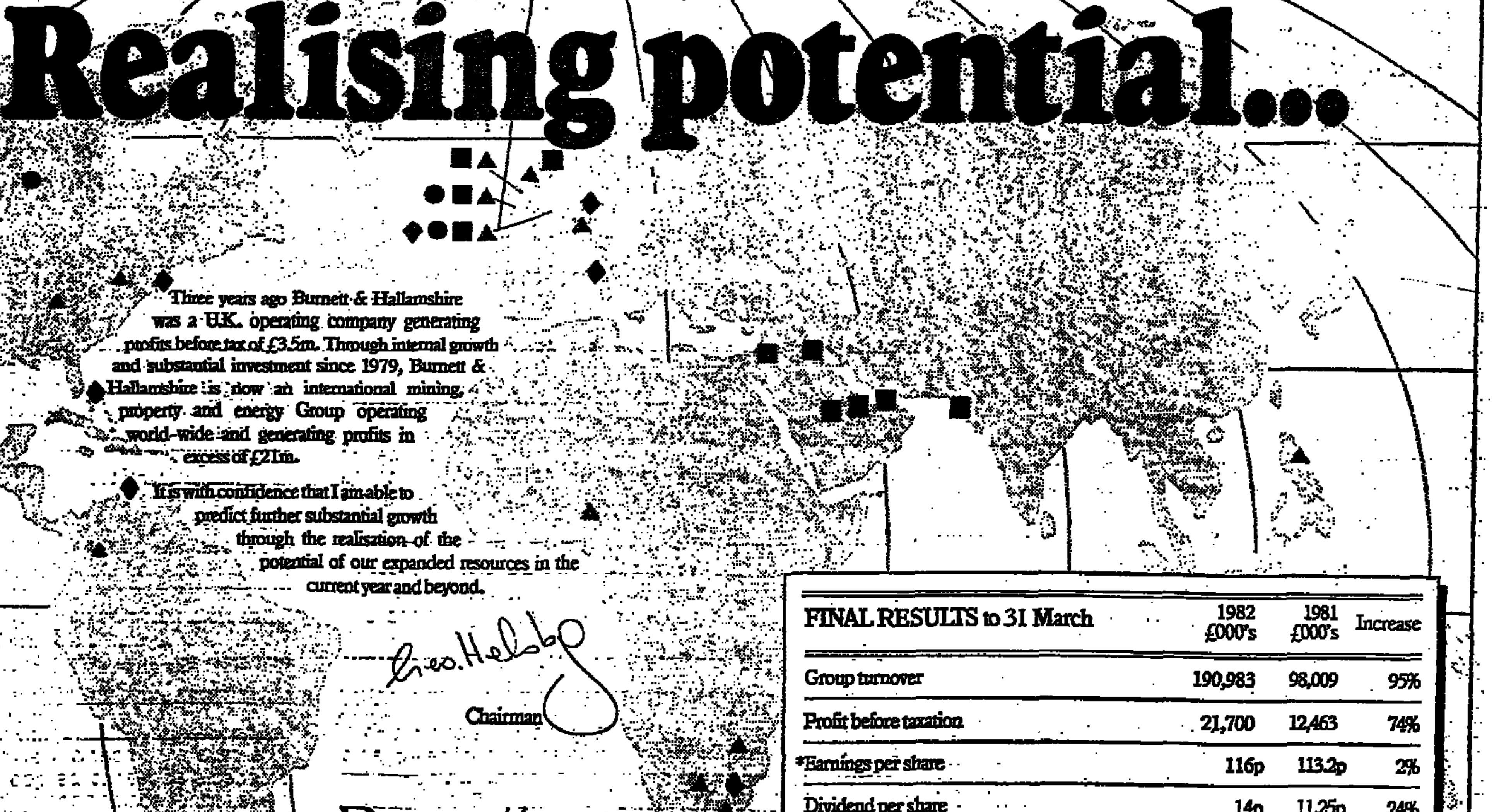
30th June, 1982.

Realising potential...



Three years ago Burnett & Hallamshire was a U.K. operating company generating profits before tax of £3.5m. Through internal growth and substantial investment since 1979, Burnett & Hallamshire is now an international mining, property and energy Group operating world-wide and generating profits in excess of £21m.

It is with confidence that I am able to predict further substantial growth through the realisation of the potential of our expanded resources in the current year and beyond.

Chairman

FINAL RESULTS to 31 March	1982 £000's	1981 £000's	Increase
Group turnover	190,983	98,009	95%
Profit before taxation	21,700	12,463	74%
*Earnings per share	116p	113.2p	2%
Dividend per share	14p	11.25p	24%
Capital employed	114,139	49,959	128%
Return on average capital employed	28%	32%	

*The average number of shares in issue increased from 9.8m to 12.2m during the year.

▲MINING
■PROPERTY
●OIL
◆ADMINISTRATIVE

Burnett & Hallamshire Holdings Plc
A winning combination
119 Psalter Lane Sheffield S11 8YS

Company Meeting

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

The Forty-ninth Annual General Meeting of Shareholders of The Scottish Agricultural Securities Corporation p.l.c. was held within the Registered Office of the Corporation on 29 June 1982. Mr John B. Burke, Deputy Chairman of The Royal Bank of Scotland p.l.c., Chairman of the Corporation, presided and, in moving the adoption of the Report and Accounts, said:

The continued high level of interest rates has once again caused a reduction in the number of applications to the Corporation. It did not prove possible to hold the lending rate of 15% which was in operation at the beginning of the financial year. In September the increase was restricted to ½% but in December circumstances dictated that the rate be raised by a further ½% to 16%. In March a reduction of ½% to 15½% was made, but since then the level of rates in the long term market would not have permitted the Corporation to borrow at this level. I should perhaps explain that, unlike Government Stocks, the Corporation's Debenture Stocks do not enjoy exemption from capital gains tax if held for more than one year, with the result that there is a differential yield of around 1% between the Corporation's Debentures and Government Loans. In the expectation of lower interest rates generally and the willingness of the Joint Stock Banks to lend for terms as long as 25 years, farmers are naturally reluctant to borrow at a high fixed rate of interest. The upshot has been that in the past financial year premature repayments of £1,151,000 exceeded new loans by £817,000. The balance of repayments, in fact, almost fully compensated for the redemption of the Corporation's £1m 6% Debenture Stock, leaving bank borrowing at only £90,000 higher than at 31 March 1981. The retained profit of the Corporation despite the repayment of the 6% Debenture Stock in July rose from £285,000 to £305,000. After the disastrous year of 1980, 1981 was a much better year for farmers although the damage caused to the financial position in 1980 will require a further year or two of good returns before recovery is complete. The 1982 EEC price review will certainly assist in the sectors affected by the review.

This Meeting is the last which Mr Macmillan and Mr Pattullo will attend. I would like to express my appreciation of the work they have done for the Corporation during their years of office. To replace them it is proposed to appoint Mr James M. Stewart a General Manager of Clydesdale Bank p.l.c. and Mr John F. Wilson a Joint General Manager of the Bank of Scotland whose presence on the Board will, I am sure, be of benefit to the Corporation.

Mr McTurk, the Manager and Secretary, and the other members of staff have continued to give excellent service to the Corporation during the year and I would express my thanks to them.

BASE LENDING RATES

A.B.N. Bank	12½%	Robert Fraser	13 %
Allied Irish Bank	12½%	Grindlays Bank	‡12½%
American Express Bk.	12½%	■ Guinness Mahon	12½%
Amro Bank	12½%	■ Hambros Bank	12½%
Henry Ansbacher	12½%	Heritable & Gen. Trust	12½%
Arbuthnot Latham	12½%	■ Hill Samuel	§12½%
Associates Cap. Corp.	13 %	C. Hoare & Co.	†12½%
Banco de Bilbao	12½%	Hongkong & Shanghai	12½%
BCCI	12½%	Kingsnorth Trust Ltd.	14 %
Bank Hapoalim BM	12½%	Knowsley & Co. Ltd.	13 %
Bank of Ireland	12½%	Lloyds Bank	12½%
Bank Leumi (UK) plc	12½%	Mallinhall Limited	12½%
Bank of Cyprus	12½%	Edward Manson & Co.	13½%
Bank Street Sec. Ltd.	13½%	Midland Bank	12½%
Bank of N.S.W.	12½%	■ Samuel Montagu	12½%
Banque Belge Ltd.	12½%	■ Morgan Grenfell	12½%
Banque du Rhone et de la Tamise S.A.	13 %	National Westminster	12½%
Barclays Bank	12½%	Norwich General Trust	12½%
Beneficial Trust Ltd.	13½%	P. S. Refson & Co.	12½%
Bremar Holdings Ltd.	13½%	Roxburghe Guarantee	13 %
Brit. Bank of Mid. East	12½%	E. S. Schwab	12½%
■ Brown Shipley	13 %	Slavenburg's Bank	12½%
Canada Perm't Trust	13 %	Standard Chartered	‖12½%
Castle Court Trust Ltd.	13 %	Trade Dev. Bank	12½%
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	12½%
Cayzer Ltd.	12½%	TCB	12½%
Cedar Holdings	13 %	United Bank of Kuwait	12½%
■ Charterhouse Japhet	12½%	Whiteaway Laidlaw	13 %
Choulartons	13 %	Williams & Glyn's	12½%
Citibank Savings	‖12½%	Wintrust Secs. Ltd.	12½%
Clydesdale Bank	12½%	Yorkshire Bank	12½%
C. E. Coates	13½%		
Comm. Bk. of Near East	12½%		
Consolidated Credits	13 %		
Co-operative Bank	*12½%		
Corinthian Secs.	12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
Eagil Trust	12½%		
E.T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9.5%, 1-month 9.75%. Short term £8,000/12 month 12.1%.
† 7-day deposits on sums of: under £10,000 9½%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.
‡ Call deposits £1,000 and over 9½%.
‖ 21-day deposits over £1,000 10½%.
§ Demand deposits 9½%.
¶ Mortgage base rate.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1981-82 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
120	120	Ass. Brit. Ind. Ord.	120	—	6.4	5.3	10.9	13.4
130	100	Ass. Brit. Ind. CULS	128	+ 1	10.0	7.8	—	—
75	62	Airsprung	71	—	6.1	8.6	8.1	13.9
51	33	Armitage & Rhodes	43	—	4.3	10.0	3.6	8.1
223	187	Bardon Hill	223	+ 2	9.7	4.3	10.8	13.2
110	100	CCL 11pc Conv. Pref.	110	—	15.7	14.3	—	—
265	240	Cindico Group	265	—	26.4	10.0	10.7	12.0
104	60	Deborah Services	60	—	6.0	10.0	3.0	5.6
131	87	Frank Horsell	129	− 1	6.4	5.0	11.6	23.9
83	39	Frederick Parker	74	—	6.4	8.6	3.8	7.2
78	46	George Blair	53	—	—	—	—	—
102	93	Ind. Precision Castings	98	—	7.3	7.4	7.1	10.7
110	100	Isis Conv. Pref.	107xd	—	15.7	14.7	—	—
113	94	Jackson Group	105	—	7.5	7.1	3.2	6.7
130	108	James Burrough	117	—	9.6	8.2	8.5	9.5
334	230	Robert Jenkins	230	—	31.3	13.6	3.2	8.1
72	51	Scruttons "A"	72	+ 1	5.7	7.9	9.4	11.3
222	154	Torday & Carlisle	155	—	11.4	7.4	7.0	11.9
16½	10	Twinlock Ord.	16½	—	—	—	—	—
80	66	Twinlock 15pc ULS	79	—	15.0	19.0	—	—
44	25	Unilock Holdings	25	—	3.0	12.0	4.5	7.6
103	73	Walter Alexander	83	—	6.4	7.7	5.5	9.7
263	212	W. S. Yeates	235	—	14.5	6.2	6.2	12.3

Prices now available on Prestel page 48146.

Futures Markets – their commercial uses

Exchange and Interest rates
Stock efficiency and Financing
Pricing and Budgeting

Managing and Finance Directors may wish to discuss how the use of the existing and developing Futures Markets can offer advantages which, at first sight, might not be apparent.

For personal discussions by arrangement, please contact:

M S P Gardner
M C BRACKENBURY AND CO (Est. 1866)
19 St Mary-at-Hill London EC3R 8EE
Telephone 01-623 5701 Telex 883304

THE TRING HALL USM INDEX
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Close of business 29/6/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
Close 552-557 (+9)

Nimslo takes 12% of Berkey

Nimslo International, the 3-D camera company set up by inventors Dr Jerry Nims and Mr Allen Lo, has bought a 12.1 per cent stake of **Berkey Photo Inc**. An investment of 601,170 shares was purchased by Nimslo in Berkey for cash at a price of $3.75 per share.

As a result of the transaction, Nimslo becomes the largest single shareholder in the company.

Shares of Berkey Photo are traded on the New York Stock Exchange. Berkey, whose activities are photo processing and wholesale and retail distribution of cameras and other photographic equipment, reported revenue of $182m for the 1981 financial year and net income of $2.6m. It employs over 3,000 people in 10 regional processing plants in the U.S.

Nimslo said that its consumers are shooting about 40 per cent more pictures than Nimslo originally forecast. The group said that it is on schedule for the number of printers needed to meet its processing requirements, and Nimslo's manufacturing division has built its printers internally without using outside suppliers.

Timex, manufacturing the Nimslo 3-D cameras which have experienced early teething problems in their development, has given Nimslo assurances that it will be able to fulfil this year the volumes needed to obtain Nimslo's original sales projections.

R. & J. PULLMAN IN SWIMWEAR DEAL

R. and J. Pullman has acquired swimwear maker **Bartlett Manufacturing Company** for £375,000 cash, payable immediately, with a further £50,000 payable in April 1983. Pre-tax profits of Bartlett for the current year are forecast of not less than £150,000. Assets are estimated at £360,000.

SGB JOINT VENTURE IN SINGAPORE

SGB Group has formed a joint venture in Singapore with **Hoe Seng Huat (Hardware)**, formerly the Singapore agent of SGB Export.

SGB Group has a controlling interest in the new company, SGB Scaffolding and Formwork (Pte), which will spearhead the sales of SGB building equipment in Singapore.

Tetley buys coffee producer

American Maize Products Company has signed a letter of intent to sell its S. A. **Schonbrunn** subsidiary to **Tetley, Incorporated**, though the consideration has not been disclosed.

The sale is subject to board approval by both companies, the signing of a definite agreement and to Government filings.

American Maize said, it thought there were better areas it could put its money into.

Schonbrunn makes and sells Savarin, Medaglia D+Oro, Brown Gold and El Pico coffee brands.

Tetley is a subsidiary of Allied-Lyons the London-based food and beverage company. Tetley makes and sells Martinson Bustelo coffees and Tetley Tea.

Tetley said it expects the transaction to complement its present operations and to aid in the continued growth of its business.

JOSEPH CAUSTON/ WELBECK INVTS.

The recommended offer by **Sir Joseph Causton and Sons** for **Welbeck Investments** has been received in respect of 2,725,677 ordinary (50.18 per cent). The offer is declared unconditional as to acceptances.

FOTHERGILL BUYS MONTGOMERY

Fothergill and Harvey has acquired all the issued share capital of **Montgomery Plating Company** for £660,000 cash. Montgomery is a Coventry based specialist metal finishing company with processes complementary to those of Fothergill.

Fairclough pays £6m for stake in Press

Fairclough Construction has acquired 10,967,777 ordinary shares (14.56 per cent) in **Wm. Press Group**.

Prior to this, Fairclough held no ordinary shares in Press.

The cash consideration for this holding (including the amount paid in subscribing rights entitlements) was £6.58m.

Fairclough has acquired these shares as an investment from members of the Allpress family and their trustees.

Board of Press was informed of the proposed purchase and in response to a question from the Press board, Fairclough has stated that it does not intend, without the approval of the board of Press, to increase this holding.

UEI TERMS FOR YEWLANDS GROUP

Terms for **United Engineering Industries'** acquisition of **Yewlands Engineering and Precomp Engineering Services** (the Yewlands Group, provide for additional consideration to be paid to vendors related to profits for years ending March 31 1982 and March 31 1983.

Additional consideration in respect of first year is £740,000 to be satisfied by 292,446 ordinary of UEI.

Grimshawe shares are suspended

MR THOMAS KENNY, the chairman of *Grimshawe Holdings*, said yesterday that he expects to reveal on Friday or possibly early next week why the board requested a share price suspension, at 17p per share, of dealings in the loss-making household supplies manufacturer.

Grimshawe has been progressively slimmed down since Mr Kenny assumed control of the former banking and industrial holding company some eight years ago. Last October it announced the sale of what had been its largest subsidiary, J. Manger and Son, the paints and DIY equipment manufacturer, but has since announced that interim losses to the end of that month had deepened from £74,000 to £264,000 before tax.

DANA ENGINEERING/ BROWN BROTHERS

Following the acquisition by **Dana Engineering** of the outstanding minority shares of **Brown Brothers**, Dana is proposing to simplify the corporate structure of its European activities, which involves seeking approval of holders of Brown Brothers 8¼ per cent unsecured loan stock 1990/95 to certain proposed modifications of the trust deed.

Proposals are to be put to the stockholders which provide for changes to the trust deed, together with a provision of a guarantee to be given by Dana as to future payments of principal and interest on the stock as well as an increase in interest payable from 8¼ per cent to 9 per cent and an acceleration of the date for final repayment from December 31 1995 to end December 1992.

Crean agreed offer for Peterson

James Crean, Dublin-based botler and distributor of beer and stout, has made an agreed share offer for fellow Dublin group, Peterson Tennant, a pipemaker.

The companies announced earlier in the month that they were having talks and yesterday details of an agreed offer, valuing Peterson at £2.75m, were released.

Crean is offering two of its own shares for every three Peterson, plus I£1 in cash for every preference share.

The bid is subject to all the usual conditions, including approval by Crean's shareholders.

The Peterson board intend to accept as to their own shareholdings, amounting to 12.9 per cent of the ordinary and 9.1 per cent of preference.

Directors of both companies say in a joint statement that "the merger will provide a strong foundation for the future."

Peterson's trading performance is currently adversely affected by problems in "certain areas," but rationalisation measures have been implemented to restore profitability in these divisions.

In the year to December 1981 Peterson made pre-tax profits of I£785,000 (I£878,900). James Crean made I£1.5m in the year to June 1981 and I£959,000 in the six months to last December.

If the acquisition goes through, Mesrs R. G. Tennant and E. J. Bolger will join the Crean board.

Adviser to Crean is Allied Irish Investment Bank, and to Peterson, Ulster Investment Bank.

Setback for Maurice James

Second half pre-tax profits at Maurice James Industries fell by £86,000 to £306,000, and figures for 1981 as a whole were also lower at £548,000 compared with £630,000. Turnover of this industrial investment company improved from £7.44m to £7.83m. Operating profit was little changed at £652,000, against £651,000 which included £25,000 from companies leaving the group.

The final dividend is 0.75p for a total of 1.25p against a single payment of 1p net in 1980.

The pre-tax figure was struck after associates profits of £80,000 (£66,000) and interest charges up from £87,000 to £184,000. Tax was substantially higher at £248,000 (£37,000). There were minority credits of £16,000 (£7,000 debits) and extraordinary debits of £30,000 (£214,000 credits). Stated earnings per 10p share were down from 4.4p to 2.4p.

The directors say that net reduction in overall group borrowings is in excess of £1m. On a CCA basis, pre-tax profits were lower at £263,000 (£429,000).

Ir£362,000 pre-tax loss for McCairns

DUBLIN-BASED vehicle distributor McCairns (PMPA) recorded a pre-tax loss of Ir£362,000 in the 15 months to December 31 1981, compared with profits of Ir£319,000 in the previous 15 months.

There was a tax credit of £166,000, against a charge of £151,000. Profit on the sale of leasehold building produced an exceptional credit of £132,000.

Turnover fell from £10.93m to £10.26m, and a trading loss of £494,000 was recorded. McCairns is a subsidiary of PMPA Insurance Company.

B.E.T. Omnibus falls sharply to £4.64m

TAXABLE PROFITS of B.E.T. Omnibus Services fell from £6.32m to £4.64m for the year to March 31, 1982 despite a £4.21m improvement in turnover to £67.74m. The profit figure included investment income of £25,000 (£30,000) and a £5.68m (£5.03m) contribution from associates, but was after interest charges of £3.78m (£4m).

Tax paid totalled £2.39m (£191,000 credit) and there were deductions of £24,000 (£8,000) for minorities and £189,000 (£488,000) for extraordinary items.

Stated earnings per share of the company, a subsidiary of British Electric Traction, were 23.82p (71.28p) pre-extraordinary debits and 21.72p (65.36p) after. A final dividend of 4p makes a same-again total of 6.5p. On a CCA basis there was a pre-tax loss of £237,000 (£2.42m profit).

Ldn. American Energy optimistic

In the first quarter to March 31 1982 London American Energy, the only substantial asset of London American Energy Investments, increased cash and short term investments by US$16.04m to $69.73m (£40.31m at current rates).

This increase was made up from oil and gas operations $391,000, interest received from mature deposits of $3.68m and return of bank deposit with joint venturer $17.36m, less expenses and taxes of $384,000, advances paid in respect of specific wells of $1.28m and acquisition, exploration and development of oil and gas properties of $3.73m.

The directors say that an appreciation of the data available from recent oil and gas exploration leads them to believe that total expenditure to date on oil and gas properties, including dry holes, has identified reserves with a net present value substantially in excess of that expenditure and future related development expenditure.

At March 31, shareholders equity came to $101.19m and oil and gas properties were valued at $20.28m.

SPAIN

June 25	Price %	+ or −
Banco Bilbao	352	
Banco Central	290	−28
Banco Exterior	300	
Banco Hispano	316	
Banco Ind. Cat.	111	
Banco Santander	332	−1
Banco Urquijo	180	
Banco Vizcaya	352	
Banco Zaragoza	237	−1
Dragados	168	
Espanola Zinc	67	−2
Fecsa	69.5	+1.3
Gal. Preciados	28	+1
Hidrola	62.2	+2
Iberduero	51	
Petroleos	76.5	+3
Petroliber	101	
Sogefisa	6	
Telefonica	70.2	
Union Elect.	55.2	−0.3

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	13	22	2	36.10	—	—	$308
GOLD C	$325	23	9	10	22	3	32	"
GOLD C	$350	—	—	10	13	12	21	"
GOLD C	$375	30	1.70	—	—	—	—	"
GOLD C	$400	10	0.20	10	3.50	—	—	"
GOLD P	$300	10	9.50 B	102	14	—	—	"
GOLD P	$325	26	22 B	92	26	—	—	"
GOLD P	$350	6	40 B	18	41 B	30	42.50	"
12¾ NL 81 87-91								
P	F.110	55	1.10	6	1.70	—	—	F.111
12 NL 81 85-88								
C	F.105	20	0.40	—	—	—	—	F.104.10
10¾ NL 80 86-95								
C	F.100	100	1.20	12	1.90	—	—	F.100.20
11¼ NL 82 88-92								
C	F.105	39	0.20	—	—	—	—	F.102.10
10 NL 82 86-89								
C	F.100	—	—	40	0.70	—	—	F.97
		July		Oct.		Jan.		
ABN C	F.300	—	—	1	2.80	—	—	F.281.50
AKZO C	F.25	—	—	19	1.30	3	1.80	F.23.70
AKZO C	F.27.50	—	—	—	—	10	0.80	"
AKZO P	F.22.50	—	—	—	—	15	0.90	"
AKZO P	F.27.50	49	3.60	—	—	—	—	"
AMRO C	F.50	—	—	7	1.60	3	2.60	F.49
AMRO P	F.45	—	—	—	—	7	1	"
AMRO P	F.50	—	—	2	3.50	—	—	"
KODA C	$70	—	—	6	6⅞	—	—	$73⅝
HEIN C	F.55	10	3.80 B	—	—	—	—	F.58.70
HEIN P	F.50	—	—	—	—	3	1	"
HEIN P	F.55	—	—	5	1.20	—	—	"
HEIN P	F.60	2	1.80	4	3.20	—	—	"
HOOG C	F.15	—	—	10	1	—	—	F.14.20
IBM C	$65	3	0⅛	—	—	—	—	$61
KLM C	F.80	—	—	2	12	—	—	F.88.50
KLM C	F.90	117	2.40	2	7.50	—	—	"
KLM C	F.100	—	—	18	3.80	3	6.50	"
KLM C	F.110	—	—	49	2.20	—	—	"
KLM P	F.80	—	—	36	2.80	—	—	"
KLM P	F.90	216	3.10	3	5	4	7	"
KLM P	F.100	6	11.80	—	—	—	—	"
NEDL C	F.110	50	3.20	—	—	—	—	F.112.20
NEDL P	F.110	103	0.90	—	—	—	—	"
NATN C	F.115	12	1	10	2.90	—	—	F.114.50
NATN P	F.115	5	1.50	—	—	—	—	"
PHIL C	F.20	10	3.30	—	—	10	3.60	F.25
PHIL C	F.22.50	22	0.90	117	1.80	27	2.20	"
PHIL C	F.25	—	—	110	0.70	46	1.10	"
PHIL P	F.22.50	100	0.10	10	0.70	—	—	"
PHIL P	F.25	—	—	2	2.10	—	—	"
RD C	F.80	3	5.70	36	7.50	—	—	F.85
RD C	F.90	52	0.30	149	2.40	37	3.50	"
RD C	F.100	20	0.10	—	—	5	1.50	"
RD P	F.80	161	0.50	83	2	8	2.50	"
RD P	F.90	56	5	130	8.30	10	8.50	"
UNIL C	F.150	—	—	9	3	5	4.50	F.144.30
UNIL C	F.160	—	—	4	1	—	—	"
UNIL P	F.140	—	—	5	2.80	—	—	"
		Aug.		Nov.		Feb.		
SIEM C	DM.220	—	—	42	4	21	7	DM217.50
VW C	DM.140	20	3	—	—	—	—	DM142.50

TOTAL VOLUME IN CONTRACTS 2766

A=Asked B=Bid C=Call P=Put

This advertisement is issued in accordance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or to purchase any shares.

ALFRED WALKER p.l.c.

Incorporated in England under the Companies Acts 1948 to 1981
No. 1626189

SHARE CAPITAL

Authorised		Issued and to be Issued Fully Paid
£200,000	Ordinary Shares of 10p each	£175,000

Application has been made for the ordinary shares of 10p each to be admitted to the Official List by the Council of The Stock Exchange, subject to registration of the Court Order in respect of the Scheme of Arrangement involving Alfred Walker & Son p.l.c. and the issue of the ordinary shares. Dealings are expected to commence on Monday, 5th July, 1982. Particulars of the company and of the ordinary shares are available in the Statistical Service of Extel Statistical Services Limited and copies may be obtained during normal business hours up to and including 14th July, 1982, from

HENDERSON CROSTHWAITE & CO.
194-200 Bishopsgate, London EC2M 4LL

30th June, 1982

Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at May 19 1982 (Table 5, Bank of England Quarterly Bulletin)*.

£m

		Total to UK residents: Total	of which in sterling	of which in foreign currencies	Financial: Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1982 Feb 17	36,354	35,031	1,323	2,329	2,120	184	1,177	968
	May 19	39,542	38,169	1,373	2,477	2,259	181	1,291	1,005
Scottish clearing banks	1982 Feb 17	4,673	4,348	326	304	246	21	120	163
	May 19	4,925	4,610	315	314	270	21	146	148
Northern Ireland banks	1982 Feb 17	892	892	1	38	38	1	33	4
	May 19	917	917	—	41	41	2	35	5
All banks	1982 Feb 17	87,562	71,298	16,264	14,261	8,029	1,557	3,009	9,695
	May 19	93,408	76,583	16,825	15,320	8,711	1,854	3,243	10,224
of which in sterling	1982 Feb 17	71,298			8,029		1,523	2,734	3,772
	May 19	76,583			8,711		1,776	2,959	3,976
Changes: in sterling	'81 Nov/'82 Feb	...			...		...	...	...
	1982 Feb/May	+5,285			+682		+253	+225	+204
in foreign currencies adjusted for exchange rate effects	'81 Nov/'82 Feb	...			...		...	...	...
	1982 Feb/May	+194			+237		+ 43	+ 3	+190
Advances only: All banks	1982 Feb 17	79,929	63,967	15,963	12,670	6,471	897	2,996	8,777
	May 19	84,810	68,221	16,589	13,644	7,044	1,162	3,223	9,258

		Manufacturing: Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding †	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1982 Feb 17	8,928	8,371	1,306	879	489	774	1,992	438	487	733	1,830
	May 19	9,439	8,901	1,374	899	567	817	2,080	479	553	743	1,927
Scottish clearing banks	1982 Feb 17	962	899	189	128	50	64	146	126	27	72	159
	May 19	930	870	196	78	53	57	149	134	26	70	168
Northern Ireland banks‡	1982 Feb 17	130	129	32				48			21	29
	May 19	139	139	33				48			22	37
All banks	1982 Feb 17	21,072	17,377	3,400	3,665	1,122	1,682	3,662	712	1,325	1,310	4,194
	May 19	21,936	18,053	3,718	3,462	1,267	1,740	3,772	768	1,531	1,364	4,314
of which in sterling	1982 Feb 17	17,377		2,997	2,666	931	1,457	3,053	668	1,151	1,184	3,361
	May 19	18,053		3,172	2,470	1,042	1,479	3,176	727	1,312	1,217	3,458
Changes: in sterling	'81 Nov/'82 Feb	...		...	...	...	...	...	...	...	...	...
	1982 Feb/May	+676		+265	−196	+111	+ 22	+123	+ 58	+161	+ 35	+ 97
in foreign currencies adjusted for exchange rate effects	'81 Nov/'82 Feb	...		...	...	...	...	...	...	...	...	...
	1982 Feb/May	+105		+ 42	− 29	+ 30	+ 32	− 27	− 3	+ 41	+ 15	+ 4
Advances only: All banks	1982 Feb 17	17,324	13,926	2,702	2,817	868	1,345	3,220	700	1,015	1,169	3,587
	May 19	17,636	13,867	2,789	2,517	960	1,383	3,469	759	978	1,217	3,625

		Other production: Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	Persons: Total persons	of which in sterling	For house purchase	Other
London clearing banks	1982 Feb 17	4,999	4,830	2,725	381	1,892	9,813	9,807	4,000	5,813
	May 19	5,290	5,142	2,962	367	1,961	11,009	11,002	4,753	6,257
Scottish clearing banks	1982 Feb 17	993	900	682	127	184	999	996	435	564
	May 19	1,021	930	706	129	186	1,138	1,135	524	614
Northern Ireland banks	1982 Feb 17	247	247	190	5	51	196	196	51	145
	May 19	243	243	190	5	48	204	204	55	149
All banks	1982 Feb 17	9,242	7,772	3,761	2,459	3,021	15,581	15,331	5,854	9,727
	May 19	9,591	8,117	4,045	2,341	3,205	17,265	17,202	6,906	10,359
of which in sterling	1982 Feb 17	7,772		3,735	1,166	2,872	15,531		5,849	9,682
	May 19	8,117		3,998	1,190	2,929	17,202		6,900	10,302
Changes: in sterling	'81 Nov/'82 Feb	...		...	...	...	...		...	...
	1982 Feb/May	+345		+263	+ 24	+ 57	+1,671		+1,051	+620
in foreign currencies adjusted for exchange rate effects	'81 Nov/'82 Feb	...		...	...	...	...		...	...
	1982 Feb/May	− 28		+ 19	−171	+123	+ 12		...	+ 12
Advances only: All banks	1982 Feb 17	8,837	7,370	3,738	2,151	2,948	15,581	15,531	5,854	9,727
	May 19	9,139	7,665	4,023	1,978	3,138	17,265	17,202	6,906	10,359

		Services: Total services	of which in sterling	Transport and communications	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
London clearing banks	1982 Feb 17	10,286	9,903	883	121	62	2,216	1,838	5,216
	May 19	11,326	10,865	1,009	229	63	2,468	1,978	5,579
Scottish clearing banks	1982 Feb 17	1,416	1,307	189	29	115	223	199	661
	May 19	1,522	1,405	180	49	127	235	200	732
Northern Ireland banks‡	1982 Feb 17	282	282		19	8	100	41	113
	May 19	290	290		18	9	103	47	113
All banks	1982 Feb 17	27,407	22,589	3,101	1,169	2,634	3,681	6,232	10,590
	May 19	29,296	24,500	3,327	1,307	2,802	4,063	6,405	11,346
of which in sterling	1982 Feb 17	22,589		1,736	751	2,620	3,619	3,933	9,930
	May 19	24,500		1,950	903	2,785	4,008	4,260	10,593
Changes: in sterling	'81 Nov/'82 Feb	...		...	...	...	...	...	...
	1982 Feb/May	−131		− 19	− 24	+ 3	− 8	−160	+ 78
in foreign currencies adjusted for exchange rate effects	'81 Nov/'82 Feb	...		...	...	...	...	...	...
	1982 Feb/May	+1,911		+214	+152	+165	+389	+327	+663
Advances only: All banks	1982 Feb 17	25,318	20,668	3,015	1,068	3,624	3,286	5,146	10,169
	May 19	27,126	23,442	3,212	1,276	2,802	3,665	5,242	10,930

* The introduction of the new monetary sector in November 1981 has led to changes in the coverage of this table (for fuller explanation see the additional notes to tables 3 and 5 in the March 1982 Bulletin). Changes for February 1982 are therefore not shown.
† Including lending under special schemes for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government".

INTERNATIONAL COMPANIES and FINANCE

A leap in bond issues reflects pent-up demand for credit, Peter Montagnon reports

OECD sees borrowings of $160bn this year

THE Organisation for Economic Co-operation and Development has raised its forecast level of borrowing on international capital markets this year to between $160bn and $175bn from the total of about $143bn projected in March.

The OECD says in its latest Financial Market Trends that this increase will take place despite some easing of balance of payments problems as a result of the decline in oil prices.

Previously it had expected borrowing to be little changed from last year's underlying level of $143bn, which excludes the exceptionally large Eurocredits raised by U.S. companies in connection with takeover developments last summer.

The revised forecast is based on expectations that domestic capital markets will remain over-burdened with the demands of public sector financing. This will force other borrowers out into the international arena.

In the first five months of this year, total borrowing on international capital markets was already running well ahead of last year, at an annual rate of some $175bn.

But even more striking has been the sharp increase in activity in international bond markets, while medium-term Eurocredit financing has remained relatively constant, says the OECD.

Between January and May new international bond issues were running at an annual rate of almost $80bn compared with $48bn last year. New Eurocredits, however, rose only marginally to $97bn from $95bn, largely because of the greater caution now being displayed in international lending.

An important factor behind the increase in bond financing has been demand for funds from U.S. corporations, especially on the Eurodollar bond market. This reflects a pent-up demand for credit, but it may also indicate expectations of continuously high long-term rates of interest.

Until early June, the international bond markets were easily able to accommodate these increased demands. Since then the oversupply of both international and domestic new issues has re-emphasised the continuing vulnerability of bond markets under present conditions of economic and financial uncertainty.

Indeed, the final amount of borrowing on these markets in 1982 will depend heavily on the extent of any decline in U.S. interest rates, the ECD says. This explains why its forecast of overall capital market activity this year is couched in such unusually broad terms.

Activity in the Eurocredit markets is likely to remain at or slightly above last year's levels for the rest of 1982. Demand for funds remains strong, especially from non-oil exporting developing countries, whose balance of payments deficit is expected to rise to an aggregate $77bn from $74bn in 1981.

Total payments deficits of the OECD countries should fall by $10bn, but will still be in the region of $54bn.

But while funds available for lending have remained ample, the OECD warns that the cautious stance of banks, particularly in Europe, has accentuated the market's tendency to differentiate between relative credit risks.

The average margin paid by developing countries in April and May rose to 1.1 per cent from 0.85 per cent in the first quarter, while that paid by industrialised countries slipped to 0.53 per cent from 0.56 per cent.

Euromarket banks are likely to continue to display a strong preference for top-quality credit risks, both within the OECD area and outside, as a result of increasing problems with domestic business and the risk of more debt re-schedulings by individual countries.

Currency distribution of external bond offerings (%)

	1981	1982 Jan-Mar	1982 April-May
U.S.$	60.3	61.7	65.6
D-mark	5.4	6.8	7.8
SwFr	17	15.4	13.6
Yen	6.6	6.6	5.5

MEDIUM-TERM EUROCREDIT CONDITIONS

	1981 Jan-Mar	1981 Apl-June	1981 July-Sept	1981 Oct-Dec	1982 Jan-Mar	1982 Apl-May
New Loans*	68.5	105.3	272.5	134.9	82.9	117.5
Average life (yr/month)	8/4	7/9	7/11	6/7	7/11	7/3
Average margin (per cent)	0.70	0.77	0.69	0.69	0.68	0.81
OECD share of total loans (%)	52	51	81	59	52	54

* $bn annual rate—figures for third and fourth quarters of 1981 are distorted through inclusion of U.S. corporate borrowing in connection with takeovers.

Source: OECD

Columbia and RCA in video venture

By Paul Betts in New York

RCA, the large U.S. communications conglomerate, has reached an important agreement with Columbia Pictures, the film company now owned by Coca Cola, to strengthen its presence in the fast growing home video entertainment market.

The deal involves setting up a joint venture between the two companies to market video cassettes and discs in the U.S. and Canada. A similar venture between the two companies was set up last year to distribute video programmes in other parts of the world.

Under the new agreement, RCA will have access to Columbia Picture's extensive motion picture and television film libraries. Coca Cola, Columbia's parent company, said RCA would pay more than $50m over a three-year period for access to the libraries.

RCA said the venture was part of its programme to make its entertainments business in the longer term a major contributor to growth and profits. But despite RCA's strong presence in the videodisc market, the company's investment in discs has proved somewhat disappointing.

The latest deal with Columbia also reflects a general trend in the home video business. The major U.S. networks are entering into joint venture deals to strengthen their presence in this emerging market.

CBS, for example, one of the major rivals of NBC, the national broadcasting network owned by RCA, recently announced a joint venture in the home video business with Twentieth Century Fox.

Sohio's Prudhoe Bay oil stake to be cut

BY OUR NEW YORK STAFF

STANDARD OIL Company of Ohio, the large U.S. oil company 53 per cent-owned by British Petroleum, will see its share in the giant Alaska Prudhoe Bay oilfield reduced by a little over 2½ per cent as a result of a final redetermination of participating interests in the largest frontier oilfield to be discovered in America.

The redetermination of interests in an oilfield is a common practice in the oil industry and is a highly technical and complicated process to determine the fair share of production due to companies participating in a field.

Under the agreement now reached between Sohio and its other two partners in Prudhoe Bay, Exxon and Atlantic Richfield, Sohio's share in the oil reservoir will drop from 53.964 per cent to 50.414 per cent.

At the current maximum allowed production rate of 1.5m barrels of crude a day from the Prudhoe Bay field, Sohio's net share of production will drop to about 661,700 barrels a day from about 695,200 barrels.

However, because Sohio lifted in excess of its newly determined share since production came on stream in 1977, the company has agreed to underlift about 75,200 barrels a day for a 24-month period starting September 1. As a result, Sohio's daily net crude production during this period will average about 586,500 barrels to rise afterwards to 661,700 barrels.

Exxon's oil interest in Prudhoe Bay will now increase from 20.4 per cent to 21.7 per cent. Under the agreement, Exxon's daily crude production will increase by 62,000 barrels for the 24-month period, or about 20 per cent more than current levels. After two years, Exxon will lift 19,000 barrels a day more or 6 per cent more than current levels.

As for Atlantic Richfield, its oil share will rise 1.282 per cent to 21.864 per cent. The company will be able to lift 17,000 barrels a day more to 284,000 barrels a day at the same time as receiving 37,500 barrels a day of additional oil for the 24-month period.

While the redetermination will affect Sohio's earnings this year, the company said the effect would be mitigated by reduced payments to BP for its royalty interest in Sohio's Prudhoe Bay production. At the same time, the company expects to recover excess development expenditure of about $315m by the end of this year and excess operating costs of about $65m are expected to be recovered by the end of the first quarter of next year.

Morgan Guaranty still top trust asset manager

BY OUR NEW YORK STAFF

MORGAN Guaranty remains the largest manager of trust assets of any bank in the U.S., with a portfolio of $35.2bn at the end of 1981, according to a survey in today's issue of the American Banker. However its portfolio decreased in size during the year, and so did that of Citibank, the number two bank in the top ten.

Bankers Trust, in third place, increased its portfolio to $19.5bn, only just short of Citibank's $19.8bn.

The survey, conducted annually by the American Banker, covers discretionary assets—those accounts over which the bank itself decides what securities should be bought or sold.

The fastest growing bank in the list is Provident National Corporation of Philadelphia, which jumped from eighth to fourth position after a 52 per cent jump in its assets to $15.9bn.

Continental Illinois also jumped four places in the list to the number five slot, with $13.2bn under management at the year end.

The other five banks on the list, in descending order, are Chase Manhattan, Mellon National, Northern Trust Corp., Harris Bankcorp, and Manufacturers Hanover.

Nimslo buys stake in film processor

By Our Financial Staff

NIMSLO International, the Bermuda-based company which owns worldwide rights to the Nimslo 3-D photographic system, has acquired about 12.1 per cent of the outstanding common stock of Berkey Photo in a deal worth roughly $2.25m.

Berkey Photo had sales of $186.4m and net profits of $1.7m or 35 cents a share in 1980. It operates retail camera and film processing outlets.

Nimslo said the 601,170 shares held by Nimslo Corporation, its U.S. subsidiary, were bought for about $3.75 each in private transactions mainly with Mr Benjamin Berkey, founder and chairman, and his family.

New Zealand launches DM100m five-year bond

BY ALAN FRIEDMAN

THE GOVERNMENT of New Zealand yesterday became the first borrower to come to the West German foreign bond market since the imposition of a two-week moratorium on new issues. New Zealand is raising DM 100m through a five-year bond bearing a 9¼ per cent indicated coupon. The price will be "around par" according to lead-manager Commerzbank.

The issue appeared to have been well received last night and was said to be changing hands at a discount of about ¼ point in the pre-market.

It is likely that today will see the launch of a DM 100m, seven-year issue for Emhart, the U.S. financial group. BHF Bank is expected to lead the issue, which should come if the market does not deteriorate.

Prices of D-mark foreign bonds gained about ¼ point in moderate trading. For the first time in several days dealers reported a fair amount of two-way business.

The Eurodollar bond market also picked up yesterday and some issues were marked up by as much as ½ point. The reasons for the Eurodollar sector's healthier undertone are twofold: several dealers are covering their short positions — taking on more bond inventories—and there are an increasing number of bargain hunters looking for high quality paper at cheap prices.

This week's main talking point concerns the U.S. Treasury auctions. The relative success of the auctions will probably affect the psychology of both the U.S. and international markets.

Six-month Eurocurrency deposit rates began to fall slightly yesterday. The Eurodollar rate stood at 16⅛ per cent last night (against 16⅝ per cent on Monday), while the Euro D-mark rate fell 1/16 per cent to close at 9¼ per cent. The Swiss franc deposit rate declined 5/16 per cent to 5 5/16 per cent.

Swiss franc foreign bond prices were unchanged to slightly better last night after a day of quiet trading.

Super Valu edges ahead

By Our Financial Staff

EARNINGS at Super Valu Stores, the largest food wholesaler in the U.S. edged ahead in the first quarter from $18.1m or 49 cents a share to $18.5m or 51 cents a share on sales marginally higher at $1.45bn compared with $1.37bn.

Corning Glass earnings slide in second quarter

BY OUR NEW YORK STAFF

NET INCOME of Corning Glass plunged from $26.6m or $1.26 a share to $12.7m, or 60 cents a share during the second quarter of 1982, and the slide would have been even steeper but for a $4.9m capital profit from the repurchase of sinking fund debentures.

Although net income from Corning's Associates remained relatively stable in the period at $9m, the group's sales fell from $399m to $358m and its net operating income all but disappeared.

In addition, Corning said that following the end of the second quarter, MetPath—a recent acquisition—had incurred a realised loss of $4.3m before tax and an unrealised loss of $1.7m mainly from unauthorised security dealings.

Corning's net income after six months is put at $25.2m or $1.19 per share, compared with $50.4m or $2.37 per share in 1981. Last year's figures have been restated to include MetPath. Half-year sales were $752m against $827m previously.

Mr Amory Houghton Jr, Corning's chairman, said there had been a number of encouraging signs as the quarter drew to a close. Consumer orders had increased and so had profitability in Europe.

"Operating expenses and capital continue under the closest control since we expect a slow summer and only a mild turn-up in the fall," Mr Houghton added. At the beginning of April, the group cut the pay of all its salaried employees by 5 per cent.

Molson holds profit despite market slip

By Our Financial Staff

MAINTAINED first quarter earnings are forecast by Molson Companies, the Canadian brewer, despite a smaller share of the domestic beer market, according to Mr J. T. Black, chairman of the group.

Market share has declined marginally to about 37 per cent, he declared, but the group should be able to match the C$1.16 a share earnings registered for the first three months last year.

However, he told shareholders that the company expects "to show no more than moderate growth in earnings" for the full year.

Capital spending, meanwhile, is still expected to decline in the current year (to end March 1983) to C$57m (US$44m) from fiscal 1982's C$65m. Spending for the company's brewing operations should total about C$36m.

Interco falls for first time in 17 years

By Our Financial Staff

EARNINGS at Interco, one of the largest U.S. manufacturers and retailers of shoes and clothes, have fallen for the first time in 17 years because of the U.S. recession.

Profits for the first quarter ended May 31 plunged from $25.38m or $1.55 a share to $16.17m, or 98 cents a share. Sales were also lower at $609.27m against $639.43m.

The company said it expected the conditions which hit first quarter earnings also to adversely affect second-quarter figures.

AHS sells dental units

By Our Financial Staff

AMERICAN HOSPITAL Supply (AHS), the largest U.S. distributor of hospital and laboratory equipment, has sold its worldwide dental manufacturing and distribution interests to Sybron, a smaller health care group specialising in dental products, for a total of $87m in cash and shares. The deal follows an agreement in principle announced last March.

The transaction, which is due to be completed by September 30, values AHS' five U.S.-based dental operations at $66m, to be paid in AHS common stock, with an option to pay $69m cash. Sybron will pay $21m cash for the foreign operations. The five subsidiaries had combined sales of $94m in 1981, yielding profits of $5.4m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday July 13. Closing prices on June 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Astra Life 15 86/97	150	98⅞	99⅜	+0⅜	+0⅞	15.26
Amex Int. Fin. 16¾ 92	75	86¾	86⅞	+0⅜	−0¾	16.93
Amex O/S Fin. 14¼ 89	75	92⅞	93⅜	+0¼	−0⅜	16.94
APS Fin. Co. 16⅛ 89	75	98⅜	98⅞	+0⅛	−0⅛	16.53
ATT 14¼ 89	400	100⅝	101⅛	+0¾	+1⅜	14.00
Baker Int. Fin. 0.0 92	225	†25	25½	0	+0⅞	15.32
BHP Finance 14¾ 89	150	93⅝	94⅛	+0⅛	−0¼	16.26
Bk. Amer. NT SA 12 87	200	87⅜	88⅛	0	−0⅜	15.74
Bk. Montreal 14½ 87	100	94⅝	95⅛	+0¼	−0⅜	16.06
Bque. Indo Suez 15 89	100	94	94½	+0⅜	+0½	16.43
British Col. Hyd. 14¾ 89	200	95½	96	+0⅜	+0⅝	15.78
Burroughs Int. 15¾ 88	50	98½	99	+0⅜	0	16.03
Canada 14¾ 87	750	96⅛	96⅝	+0¼	+0¼	15.46
Canadair 15½ 87	150	98⅞	99⅜	+0¼	+0½	15.78
Canadian Pac. 14⅝ 92	75	93⅝	94⅛	+0¼	+0¼	15.88
Carolina Power 16½ 89	60	98⅞	99⅜	+0¼	+0⅝	16.65
CIBC 16 87	100	99⅜	99⅝	+0⅛	+0¼	16.12
Citicorp O/S 15 84/92	100	98⅜	98¾	+0⅜	+0⅞	15.56
Citicorp O/S 15½ 85/97	125	98¾	99¼	+0⅜	+0⅛	15.87
CNA 15⅞ 97	75	95⅛	95⅝	+0⅛	−0¼	16.69
Con. Illinois 15¾ 89	100	98½	99	+0⅛	0	16.00
Duke Pwr. O/S 15½ 89	80	94⅜	94⅞	−0⅜	−1	16.84
Dupont O/S Cap. 0.0 90	300	33¾	34¼	0	+1⅛	15.27
ECSC 14¾ 87	50	95¼	95¾	+0½	+0¼	16.11
EIB 15½ 89	150	97¼	97¾	+0½	+0⅛	16.08
Eksportfinans 14½ 89	50	92⅞	93⅜	+0½	+0⅜	16.20
Gen. Elec. Credit 0.0 92	400	26⅜	26⅞	−0⅜	+1	14.73
Gen. Elec. Credit 0.0 93	400	23¼	23¾	−0¼	+1¼	14.59
Getty Oil Int. 14 89	125	94⅝	95⅛	+0½	+0⅝	15.22
GMAC O/S Fin. 16 88	150	98⅜	98⅞	+0⅜	+0⅝	16.31
GMAC O/S 15¾ 85/97	100	97½	98	+0½	+0¼	16.23
GMAC O/S Fin. 15 89	125	94½	95	0	0	16.29
GMAC O/S Fin. 15 87	100	96½	97	+0⅛	0	15.97
Gulf Canada Ltd 14¾ 92	100	93⅝	94⅛	+0¼	−0¼	16.09
Gulf Oil 14¼ 94	175	96¼	96¾	+0⅜	+0½	14.86
Gulf Oil Fin. 0.0 92	300	26¼	26¾	+0⅛	+1⅜	14.71
Gulf States O/S 16 90	80	95⅛	95⅝	+0⅜	−0⅛	17.04
Int-Am. Dv. Bk. 15⅛ 87	55	95¾	96¼	+0⅜	+1	16.20
Japan Dev. Bk. 15½ 87	50	100⅝	101⅛	+0⅞	+0⅜	15.14
New Brunswick 16¼ 89	75	98½	99	+0¼	+0¾	16.50
Ontario Hydro 14¾ 89	150	95¾	96¼	+0½	+0⅜	15.71
Pac. Gas & El. 15½ 89	45	98⅝	99⅛	+0¼	+0¼	15.73
Phillips Petrol 14 89	200	92⅞	93⅜	+0½	+0⅛	15.68
R.J. Rynlds. O/S 0.0 92	400	25½	26	−0⅛	+0⅜	15.11
Saskatchewan 16 89	125	99⅜	99⅞	0	+0⅞	16.03
Shell Canada 14¾ 92	125	93¾	94¼	+0⅜	0	15.58
Spain 15¾ 87	100	98⅞	99⅜	+0¼	+0⅛	15.96
Superior O/S Fin. 14 89	125	91¾	92¼	+0¼	+0½	15.97
Swed. Exp. Cr. 15¾ 89	100	97½	98	+0¼	−0¼	15.76
Swed. Exp. Cr. 14⅝ 90	100	93½	94	+0⅜	+0¼	16.18
Swed. Exp. Cr. 0.0 94	200	19	19½	+0½	+1	15.13
Texas Eastern 15¾ 89	60	100	100½	+0½	+0⅝	15.67
Union Carbide 14¾ 89	150	95	95½	+0½	+0⅞	15.90
Wells Fargo I. F. 15 87	75	96¾	97¼	+0¼	+0¼	15.88
World Bank 15¾ 88	250	96¾	97¼	+0⅜	0	16.02
World Bank 14¼ 87	500	94⅛	94⅝	+0¼	+0½	15.96

Average price changes... On day +0⅜ on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¼ 92	150	98½	99¼	+0⅛	+0⅜	9.42
Australia 9⅜ 91	300	102	102½	+0¼	+0⅜	8.98
Australia 9⅞ 91	200	102⅝	103⅛	+0¼	+0⅝	8.89
Austria 8½ 92	100	94⅜	94⅞	+0¼	+0¼	9.22
Barclays O/S In. 8¼ 94	100	94½	95	+0¼	+0½	9.11
Canada 8½ 89	200	100⅝	101⅛	+0⅛	+0¼	8.32
Comp. Tel. Esp. 10½ 92	100	100½	101	0	+0⅜	10.35
Cred. Foncier 8¾ 92	100	96	96½	+0¼	+0½	9.34
Denmark 10 88	100	101⅜	101⅞	+0¼	+0½	9.62
Denmark 10¼ 92	100	102⅜	102⅞	+0¼	+0¼	9.70
EDF 9⅞ 92	100	100	100½	0	+0⅜	9.80
EEC 9¾ 94	200	101⅜	101⅞	0	+0½	9.62
EIB 8¾ 92	100	94⅝	95⅛	+0⅛	+0⅞	9.18
Int.-Am. Dev. Bk. 9 92	150	97¾	98¼	+0⅛	+0⅜	9.33
Iceland 10⅛ 88	100	100⅝	101⅛	+0⅜	+0¼	9.80
Nacnl. Financiera 11 90	150	95⅞	96⅜	+0⅛	−0¼	11.77
Philip Morris 8¼ 90	100	99½	100	+0½	+0⅛	8.29
Quebec 10¼ 92	150	101⅞	102⅜	−0¼	+0½	9.74
Renfe 10 92	100	99⅜	99⅝	+0⅛	+1¼	10.09
SNCF 8⅝ 92	100	95½	96	+0⅜	+1⅜	9.29
Tauernautobahn 9⅞ 94	50	101½	102	0	+0½	9.60
World Bank 9½ 89	100	100⅜	100⅞	0	−0⅜	9.38
World Bank 8½ 92	200	94⅜	95⅛	+0¼	+0⅜	9.33

Average price changes... On day +0⅛ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6¼ 92	100	100½	100¾	−0¼	+1⅛	6.16
Asian Dev. Bank 7 92	100	100	100½	+0⅛	+0¼	6.96
Aucalsa 7¾ 92	80	96	96¼	+0¼	+0⅜	8.34
Australia 6½ 94	100	103⅛	103⅜	+0⅛	+1½	6.10
Cse. Nat. l'Energie 7 92	100	101⅛	101½	0	+1⅜	6.80
CFE Mexico 8⅛ 92	50	97½	97¾	+0½	+0⅝	8.61
Co-op. Denmark 8⅜ 92	25	104	104¼	+0⅝	+1	7.76
Crown Zellrch. 6¾ 92	100	99⅜	99⅞	−0⅜	+1½	6.85
Europarat 7⅛ 92	100	100⅛	101	+0⅞	+0¾	7.12
Ind.-Fund Finland 6¾ 92	30	98¼	99	+0⅝	+1⅞	6.91
Japan Dev Bank 6 94	100	98⅞	99½	+0⅞	+1¼	6.07
Kobe City 6⅛ 92	100	99⅞	100⅜	+0⅛	+1⅜	6.12
Kommunlans 7¼ 92	35	100¾	101	0	+1½	7.12
Mitsui OSK 6½ 92	100	99⅜	99⅞	+0⅛	+1½	6.53
National Pwr. Co. 8 92	30	103¼	103½	+0⅜	+1⅞	7.49
New Zealand 6 92	100	100	100¼	0	+0⅜	5.98
OKB 7¾ 92	100	103½	103½	−0½	−0¼	7.25
Ost. Postspar 7⅞ 92	100	102⅝	103	+0⅝	+1⅜	7.07
Philip Morris 6⅝ 92	100	102¼	102½	−0⅝	+1⅛	6.29
Philip Morris 6⅛ 94	100	101⅛	101⅜	−0⅛	+1¼	6.10
Quebec 7⅛ 92	100	105	105¼	+0⅞	+1⅜	6.63
Renfe 7¾ 92	70	97¼	97½	0	−1½	8.14
Sekisui Pre. 5¾ 92 WW	80	103½	103⅞	−0⅜	+1⅞	5.26
Soc. Lux. de Crit. 8⅜ 92	80	106⅝	107	+0⅜	+1	6.99
Tiroler Wasser 6¾ 92	100	96¼	96½	+0½	−0½	6.76
Vorarlberg Kraft 6⅞ 92	50	102	102¼	+0½	+0½	6.38

Average price changes... On day +0⅛ on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¾ 92	15	97	97¾	+0¼	+0⅜	8.85
Int.-Amer. Dev. 8⅞ 91	15	101⅜	102¼	+0½	+0⅜	8.56
Japan Airlines 7⅞ 87	[illegible]	95⅞	96⅜	0	−0⅜	9.12
New Zealand 8⅜ 87	15	99⅜	100⅛	0	+0¼	8.47
World Bank 8⅜ 92	[illegible]	98⅛	99	−0½	−0⅜	8.58

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†96	96½	0	+0½	16.89
Can. Pac. S. 16¾ 89 C$	50	†96¾	97¼	0	+0¼	17.10
Crd. Foncier 17¼ 89 C$	30	†98¾	99¼	+0¼	+0¼	17.34
Gaz Metro. 17¼ 90 C$	20	†95¾	96¼	+0⅛	+0¼	18.15
OKB 16½ 88 C$	63	†94¾	95¼	0	+0¼	17.66
Q. Hyd. 16½ 89 (My) C$	50	†98½	99	−0⅛	0	16.79
Quebec Prov. 16½ 89 C$	50	†98⅜	98⅞	+0⅛	+0⅜	16.79
U. Bk. Nwy. 9½ 90 EUA	18	90¾	92	0	+1¼	11.21
Amro Bank 10 87 Fl	150	98⅜	99⅜	+0⅜	+0¼	10.29
Bk. Mees & H. 10 87 Fl	75	97½	98	+0⅜	−0⅞	[illegible]
Eurofima 10½ 89 Fl	50	99	99½	−0¼	−0⅜	10.64
Ireland 10½ 87 Fl	75	96⅞	97⅜	0	−0⅞	11.23
Phil. Lamps 10¼ 87 Fl	100	99	99½	+0⅛	−0½	10.43
World Bank 10 87 Fl	150	97½	98	+0¼	0	10.60
OKB 14 86 FFr	400	92⅜	93⅜	0	−0⅜	16.68
Solvay et C. 14¾ 86 FFr	200	92	93	0	−0½	17.58
Beneficial 14¼ 90 £ (D)	20	87⅜	88⅜	+0¼	−1⅜	16.93
BNP 13½ 91 £	15	92⅞	93⅞	0	+0¼	14.87
CECA 13½ 88 £	20	94⅛	95⅛	0	+0⅛	14.82
Fin. Ex. Cred. 13¾ 86 £	15	96	97	+0¼	+0⅜	14.97
Gen. Elec. Co. 12½ 89 £	50	91⅜	92⅜	−0¼	+0½	14.37
Hiram Walker 14¼ 86 £	25	97⅜	98⅜	+0⅛	+0¼	14.87
Norsk Hydro. 14½ 87 £	30	98⅜	99⅜	0	0	14.87
Privatbanken 14½ 88 £	12	95⅞	97⅛	+1⅜	+1½	15.41
Quebec 15½ 87 £	35	101½	102½	0	−0⅛	14.94
Reed (Nd) NV 16⅝ 89 £	25	103½	104½	+0⅜	+0⅛	15.67
Royal Trustco 14 86 £	12	97¾	98¾	0	+0⅝	14.57
SDR France 15½ 92 £	30	99⅜	99⅞	+0⅝	+0⅜	15.56
Swed. Ex. Cr. 13¾ 86 £	20	96⅝	97⅝	0	+0¼	14.74
Eurofima 10½ 87 LuxFr	500	94⅝	95⅝	+0⅛	−0½	11.75
EIB 9¾ 88 LuxFr	600	92⅝	93⅜	+0⅛	+0⅞	11.59

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98	98½	15/10	15.69	15.97
Bk. of Tokyo 5¼ 91 (D)	0½	98⅝	99⅛	8/12	15¼	15.42
Bk. Nova Scotia 5¼ 93	0⅛	98⅝	99⅛	29/10	15⅛	15.30
BFCE 5¼ 88	0¼	98⅝	99⅛	28/10	15	15.17
BFCE 5¼ 87	0¼	99¼	99¾	27/7	16¼	16.33
BNP 5¼ 89 WW	0½	98¼	98¾	6/11	15.19	15.42
Caisse Nat. Tele. 5¼ 90	0¼	98⅞	99⅜	21/10	15⅝	15.89
CCCE 5¼ 2002	0¼	98¼	98¾	11/12	15⅛	15.61
CEPME 5¼ 92	0¼	98⅞	99⅛	10/12	15.44	15.59
Chemical NY 5¼ 94	‡0¼	98⅞	99⅜	23/9	16.59	16.84
Cont. Illinois 5¼ 94	‡0¼	98¾	99¼	24/9	16½	16.54
Credit Agricole 5¼ 97	0¼	98⅞	99⅜	24/9	15.44	15.57
Credit du Nord 5¼ 92	0¼	98⅝	99⅛	23/12	16.81	17.00
Credit Lyonnais 5¼ 97	0¼	99	99½	1/10	16	16.12
Credit Nat. 5¼ 94	‡0⅛	98⅛	98⅝	9/9	14.69	14.93
Denmark, Kngdm. of 92	0⅜	†98⅞	99⅛	25/8	15.44	15.59
Ireland 5¼ 89/94	0¼	†98	98½	25/11	14⅞	15.01
Kansallis Osake 5½ 92	0¼	98½	99	6/11	15.31	15.51
Lloyds Eurofin 5¼ 93	§0⅛	98⅝	99⅛	29/10	17⅛	17.32
Long Term Cred. 5¼ 92	0⅛	98	98½	29/11	14⅝	14.89
J. P. Morgan 5¼ 97	§0¼	98¼	99¼	12/8	14⅝	14.77
Nat. West. Fin. 5¼ 91	§0¼	98¼	99¼	15/7	15.19	15.26
New Zealand 5¼ 87	0⅛	99	99½	7/10	15.56	15.68
Nippon Credit 5¼ 90	0⅛	99	99½	10/8	16.06	16.18
Offshore Mining 5¼ 91	0¼	98⅝	99⅛	2/12	14.19	14.35
PKbanken 5 91	0¼	99	99½	17/12	15.81	15.93
Scotland Int. 5¼ 92	0⅛	98½	99	23/9	15⅜	15.57
Sec. Pacific 5¼ 91	0⅛	98⅝	99⅛	24/11	15	15.17
Societe Generale 5¼ 95	0¼	98⅞	99⅜	1/9	15.31	15.45
Standard Chart. 5¼ 91	0¼	98½	99	18/11	14⅞	15.05
Sweden 5¼ 89	0¼	99	99½	26/8	15.31	15.43
Toronto Domin'n 5¼ 92	0¼	98¾	99¼	11/8	16⅜	16.54

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	82½	83⅝	+0⅛	5.89
Bow Valley Inv. 8 95	4/81	23.12	97½	99½	+0¼	66.71
Bridgestone Tire 5½ 96	3/82	470	83¾	85¼	+0½	−0.50
Canon 7 97	7/82	748.2	92⅛	93⅝	+0⅝	−1.32
Canon 6¾ 95	1/81	829	87	89	+2	23.12
Chugai Pharm 7¼ 96	7/82	709.6	98	99½	−0½	0.99
Fujitsu Fanuc 4½ 96	10/81	5641	80	82	+0½	13.59
Furukawa Elec. 5¼ 96	7/81	300	82	83½	+0¼	−6.95
Hanson O/S Fin. 9½ 96	8/81	1.35	†85	86	+3	−10.15
Hitachi Cable 6¼ 96	2/82	515	84½	86	+0¼	5.57
Hitachi Cred. Cpn. 5 96	7/81	1612	76	78	0	8.66
Honda Motor 5½ 97	3/82	841	81	82½	+1	4.87
Kawasaki 5¼ 96	9/81	229	61⅜	63¼	+0¼	13.89
Marui 6 96	7/81	846.4	97¾	99¼	0	3.78
Minolta Camera 5 96	10/81	826.4	61½	63	+2½	34.10
Minorco 9¾ 97	5/82	8.16	†76	78	+1	32.86
Murata 5¼ 96	7/81	2168	65¾	67¼	−0¼	17.49
NKK 6½ 96	7/81	188	70	71½	+0¼	−21.99
Nippon Chemi-C. 5 91	10/81	919	61	63	0	23.41
Nippon Electric 5¼ 97	2/82	846	87½	89	0	8.39
Orient Finance 5¼ 97	3/82	1205	86	87½	+1½	9.34
Sanyo Electric 5 96	10/81	652	84	85½	+0½	12.88
Sumitomo Elec. 5½ 97	3/82	577.3	83⅞	85⅛	−0½	10.14
Sumitomo Met. 5⅛ 96	10/81	296.1	62⅞	64⅜	+0⅛	41.62
Swiss Bk. Cpn. 6¾ 90	9/80	191	71	73	0	27.84
Konishiroku 6 90 DM	2/82	585	100½	101½	+0¼	8.89
Mitsubishi H. 6 89 DM	2/82	263	89⅜	90⅜	+0⅛	25.57

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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The Name to Know In Air Technology

Fläkt

Continuing Technical Progress
Major Acquisitions in U.S. and Sweden

For the Fläkt Group, a world leader in air handling technology, the 1981 fiscal year was characterized by strong corporate and financial growth, strategic acquisitions and continuing technical progress.

Group earnings, before special adjustments and taxes, rose 25 percent, compared with 1980. Operating income, after cost depreciation, increased 65 percent, compared with one year ago.

During the year, several strategic acquisitions were made. In the United States, the world's largest single market for air technology equipment, Fläkt strengthened its marketing and manufacturing resources and broadened its product program by acquiring The Bahnson Company and an operation that is now a part of the Environmental Systems Division of Fläkt, Inc. the U.S. subsidiary. The potential of the expanded U.S. organization was recently demonstrated when Fläkt, Inc. won the largest contract ever (U.S.$ 70 M) for dry flue-gas desulphurization (FGD). This was the fifth order to date for Fläkt's new FGD system, which removes SO_2 and fly ash in flue gases in coal-fired power stations. Sales successes were also achieved in other traditional Fläkt fields. In the pulp and paper industry, for example, all available contracts for pulp dryers in North America were captured by Fläkt in 1981.

In Sweden, the acquisition of the Nils B. Nilsson heating and piping group has now made Fläkt one of the largest international contractors in the heating, ventilation and air conditioning field. In addition, new energy-saving products and air conditioning units were introduced during 1981 which are attracting widespread interest.

The year was also highlighted by other corporate changes. The Parent Company, AB Svenska Fläktfabriken, changed its name to Fläkt AB and a new corporate logotype was adopted.

As in previous years, the international Fläkt Group will continue to seek new growth opportunities while consolidating and expanding its position in established markets.

If you would like to know more about Fläkt's progress in 1981 – and its potential for future growth – why not write for a copy of our 1981 annual report. A request to our head office, or to the local address below, will receive prompt attention.

ANNUAL REPORT HIGHLIGHTS

(GBP millions, except per-share data)

INCOME DATA	1981	1980
Sales	563.8	407.9
Earnings before special adjustments and taxes	19.3	15.4
Taxes	8.1	5.3
Reported net earnings	3.0	3.7
Adjusted net earnings	8.2	6.5
Per share	1.84	1.66
OTHER DATA		
Order bookings	603.9	437.6
Order backlog at year-end	543.1	390.1
Investments in property, plant and equipment	19.7	8.2
Dividend per share	0.76	0.60
Employees at year-end	14,570	12,410

GBP amounts translated from Swedish kronor: GBP 1.00=SEK 10.59.

Fläkt AB

More than 70 operating companies in 27 countries.
Head office: Box 81001, S-104 81 Stockholm, Sweden. Telex 10430.
In the U.K.: FLÄKT LTD. Staines House, 158 High Street, Staines, Middlesex TW18 4AR. Telex 261554.

The Fläkt Group manufactures systems and equipment for air pollution control, air conditioning and ventilation, energy recovery, industrial drying, paint finishing, grain handling and storage and other products based on air technology. Fläkt also comprises the Godalms Group, which markets advanced products and systems in such fields as energy and electronics in East Asia and the Nordic countries.

Court rules against Bouygues bid to take over Drouot

BY TERRY DODSWORTH IN PARIS

BOUYGUES, the French construction group, has lost its bitter five-month battle to take over Drouot, the country's ninth largest insurance group.

The defeat of the Bouygues bid came in a surprise decision by the Paris commercial court, nullifying the sudden sale of shares in Drouot last February. Bouygues says it is examining the details of the judgement, but it seems likely that it will now drop the takeover attempt, which has provoked one of the stubbornest corporate battles in France in recent years.

The struggle between the construction group and the main shareholders in Drouot has provided a classic illustration of the problems caused by the labyrinthine financial structure of some French companies.

Bouygues was able to get a foothold in Drouot by buying a stake owned by Patrimoine Participations, a holding company which was itself ultimately controlled by private interests through a further holding structure.

These private shareholders, M Jean-Claude Aeron and the Hottinguer family, objected to the sale of the Patrimoine stake in Drouot on the grounds that the move should have been put to a full board meeting, where it would have been rejected. In its judgement, the court supported this view, saying that the chairman of Patrimoine had "surpassed his authority" in approving the sale.

Bouygues has been ordered to pay FFr 20,000 ($2,900) in damages, and will also have to hand back the contested shares. But in return, the FFr 370m spent on the Drouot holding will be refunded, with interest at prevailing rates. In an earlier decision, the court froze both the shareholding and the funds paid over by Bouygues until the case was settled.

Commenting on the decision, M Francis Bouygues, the group's chairman, said that the refunded money would be a "positive factor" for the group

It is likely, however, that the group will continue to search for acquisitions which will allow it to diversify to some degree away from the building sector.

One of the fastest-growing companies in France, with an expanding overseas business, Bouygues has frequently emphasised its ambitions to extend its range of activities.

Drouot was regarded by the Bouygues management as an ideal partner because it was involved in a less risky business than building, even though it is making meagre profits at present against Bouygues' FFr 219m last year.

Swiss bank secrecy pact

ZURICH—Switzerland's banking secrecy will be eroded slightly as a result of an agreement announced yesterday between the Swiss bankers' association and the Swiss central bank.

The pact renews and slightly tightens an expiring code of conduct to which Swiss banks have voluntarily adhered since 1977. It also extends the life of a commission which has the power to impose fines on banks that violate the agreement.

The accord, like its predecessor, is aimed at making it difficult for banks' clients to engage in transactions tied to illegal activities. It will be effective for five years, starting from October 1.

The new agreement includes the following elements which were not in the old one: —

● Banks will be required to check the identity of clients who ask to transfer funds from one currency to another when the amount involves SwFr 500,000 ($236,000) or more.

● Access to secret data about clients and their accounts will be available to fewer people involved directly or indirectly with the banking industry.

AP-DJ

Rupert Cornwell in Rome looks at a businessman's approach to an elite hotel group's profits

Bagnasco storms CigaHotels out of its slumbers

IS nothing sacred any longer? Resigned tourists to Rome must have wondered earlier this year, confronted by the spectacle of red flags and rousing revolutionary music issuing from loudspeakers rigged up outside the Excelsior and Grand hotels, two of the most expensive hostelries of the capital. Inside, service was often all but paralysed by a four-month strike which dragged on until April.

The disruption, however, was but the most visible sign of the crash-cure being imposed on Italy's CigaHotels by its proprietor of 18 months, Sig Orazio Bagnasco, the Swiss Genoese founder of Interprogramme, a thriving property fund, and for two turbulent months until June 17 a deputy chairman of the now notorious Banco Ambrosiano.

Almost since its foundation in 1906 by the Venetian aristocrat, Count Giuseppe Volpi, anxious to endow the lagoon city with hotels commensurate with its prestige, Ciga has embodied Italian tourism at its smartest. Apart from the Grand and the Excelsior in Rome, its 19 hotels include some of the most enchanting and expensive in the world: the Gritti and Danielli in Venice, and the Villa Cipriani at Asolo to mention but three.

Of its guests, seven out of 10 are foreign, ready to pay sums in the region of $200 a night for a double room. But until the arrival of Sig Bagnasco, Ciga had been living largely on its reputation, its slumber disturbed only by a touch of farce in 1979 when its previous owner, the Rome-based property group SGI, announced its sale to a subsidiary of Ireland's Aer Lingus—only to have the alleged transaction swiftly denied by the pre-announced buyer.

Sig Bagnasco finally took over in late 1980, in a deal reckoned to have cost his group some L50bn ($36m). Today, Fimpar, a subsidiary of Interprogramme owns 50.94 per cent of Ciga, with the remainder spread among 7,400 shareholders. Sig Bagnasco's arrival was a surprise, and his motives are still not certain—a passionate commitment to the hotel trade, or merely a shrewd deal, paving the way for a lucrative future resale of an efficient, highly profitable Ciga? The answer, perhaps, is a bit of both.

"There's no point denying it," says Sig Bagnasco. "Our top priority is to have an investment that makes money." Nonetheless the new broom at the hotel group is nothing if not thorough, and the targets nothing if not ambitious. Last year, Ciga earned L1bn on revenue of L105bn ($75m). In 1982, despite the strikes, net profit is forecast to rise to L5bn on revenue of about L115bn. Real

CigaHotels runs some of the most enchanting hotels in the world, including the Danieli in Venice

take-off is expected in 1983, when, says Sig Gianfranco Tinelli, Ciga's planning director, turnover should hit L160bn ($115m), to generate "notable" profits.

The first step has been a sweeping overhaul of the structure of the group. Before, the new team of young executives in charge argue, Ciga suffered from excessive bureaucracy, and over-centralisation.

Now the parent company has been turned into a holding company at the head of three divisions. One handles the day-to-day running of the hotels, each with its own director. The second heads five, separate, service and marketing companies, while the third looks after the six overseas offices of Ciga, handling promotion and reservations. The latter will be streamlined by a computerised centralised booking system, employing the General Electric's of the U.S., intercontinental transmission network.

Another task was to tackle the losses of L11bn ($8m) a year, equivalent to L11,000 or $8 per meal served, run up by the catering side, an area among the most profitable for Ciga's luxury hotel rivals like Hilton. Here the intention is to rationalise the services on offer, and to switch the emphasis from elaborate "international" cooking, to more purely Italian fare.

But a common thread running through all Ciga's difficulties was what the new management swiftly identified as an excess of staff. Ciga previously was employing 1.7 people per occupied room, a quarter as much again as its main rivals. Labour costs accounted for 61 per cent of the concern's entire fixed costs. Hence the decision to slim the total workforce by a quarter, shedding over 560 jobs—and hence the strike, finally settled with an agreement committing Ciga to a new investment programme, including the new conference centre in Rome, and the reopening of Florence's Grand Hotel, closed in 1974. The group is also looking for buying opportunities in Italy. For their part, the unions agreed to greater flexibility, and a programme of incentives.

Ciga has meanwhile introduced up-market packages in an effort to lift occupancy rates from today's 59 per cent to 66 per cent or more. These range from tennis courses on the Venice Lido to wild boar hunting near its Park Hotel at Siena. Will the recipe prove successful?: "We're in the transition period," says a Ciga executive. "We've made the cuts, and maybe the service has suffered temporarily. It's up to the better organisation to make up the difference. We'll have to wait until 1983 to see the real results."

Sig Bagnasco and his men are acutely aware of the danger of throwing out the baby with the bathwater — that in the process of modernisation, Ciga could lose its reputation for the excellence of its individual service. For this reason, there is little emphasis on headlong expansion abroad, "Ciga Hotels will remain for the elite," says Sig Bagnasco. Instead, the group is exploring the path of franchising.

In other words, Ciga would sell its know-how and techniques to hotels abroad, in return for a payment equivalent to 4 per cent to 6 per cent of income from room letting. One such negotiation is already at an advanced stage, with Equitable Life Insurance of America. The latter plans to build ten small, high-class hotels in the U.S., which would then receive the Ciga imprimatur.

In that way not only Ciga, but the entire Italian tourist industry, the largest in Europe, and the second in the world after the U.S., might benefit. "Italy today is a high-cost country, and should concentrate on high-class tourism," says Sig Bagnasco. "We simply can't go on in 1982 with a tourist industry run on the lines of the 19th century."

Decision soon on Akzo project

BY WALTER ELLIS IN AMSTERDAM

AKZO, the Dutch-based chemicals group, may shortly begin work on a Fl 600m ($218m) project which by 1986 could make it a world leader in the production of aramide fibres.

Aramide, an advanced variant of nylon, is as strong as steel but six times lighter, and has considerable potential in such areas as plastics reinforcement, car tyres and ropes.

Akzo's fibres division, Enka, expects a decision from the Dutch Government within weeks on its request for substantial aid for the project, which is believed to be as much as Fl 300m. A positive response could lead to the break-up of Dupont's aramide monopoly.

Dupont first made its breakthrough in aramide in the late 1960s. Akzo has claimed, however, that it developed the product independently and has disputed some of Dupont's patent rights.

In 1977, Enka established a pilot plant at its research and development centre in Arnhem. This proved successful. Two years later, the division started talks with the Government on the question of state aid for the project.

By the end of 1980, however, Akzo was ready to announce its major restructuring plan for the 1980s, and it was felt inappropriate to pour money into a new venture just as others were being closed, and many people were being made redundant.

Talks have started again, now that the restructuring has been underway for 18 months. It is thought likely that the Government of Mr Dries Van Agt — which is in office only until the General Election of September 8 — will be keen to help a project which has considerable profit potential at a time of enduring economic recession.

It is possible that the Government will object to the fact that the proposed project would employ only 400 people. But against this, it is planned to site it jointly in Emmen and Delfzijl, two towns in the depressed far north of the country, for which successive administrations in the Hague have sought increased employment.

Akzo is looking for a 50:50 joint venture with the Government. It may, however, have to settle for less unless it can convince the authorities that the return on their investment will extend beyond 400 jobs at Fl 750,000 each.

Norcem opens year with wider losses

By Our Oslo Correspondent

NORCEM, the Norwegian cement and building materials group, reports a pre-tax loss of NKr 72m ($11.4m) for the first four months of this year, compared with a loss of NKr 52m a year ago.

For 1982 as a whole, however, the group expects a pre-tax profit of about the same level of last year's profit of NKr 53m.

The increased loss in this year's first four months was blamed mainly on a negative development regarding the sale of stoves and fireplaces and also regarding erosion control systems and services. In addition, it was stressed that this period of the year normally represents a slack activity in the Norwegian building industry.

Sales in the first four months amounted to NKr 979m, up from NKr 924m a year ago. The upward trend was attributed not least to increased sales of products and services to the offshore oil industry, which has become gradually more important to the group in the last few years.

Elf Aquitaine profit up

BY OUR FINANCIAL STAFF

HALF - YEAR consolidated profits of Elf Aquitaine, the French state-owned minerals and energy group, have improved by 14 per cent from a corresponding FFr 2.07bn to FFr 2.37bn ($343m).

M Albin Chalandon, the group's chairman, warned shareholders at the annual meeting in Paris yesterday, however, that a significant improvement in second half results is unlikely. He added, without elaborating, that the yearly results will not be sufficient to finance planned investment

Consolidated net profit for the whole of 1981 amounted to FFr 3.69bn on turnover of FFr 104.4bn.

M Chalandon revealed that refining and distribution losses rose to FFr 2.7bn in 1981 from FFr 1.5bn a year earlier. But he said the takeover of Texasgulf has given Elf a firm base in the U.S. and provides a favourable factor

Cogema hit by stagnation in nuclear fuel demand

BY OUR PARIS STAFF

STAGNATION in demand for nuclear energy left Cogema, the French state-controlled nuclear fuels group, with a deficit last year.

The levelling off of the nuclear market was shown in the group's turnover figures, which rose by only 1.4 per cent from FFr 6.9bn to FFr 7bn ($1bn). As a result, the company incurred net losses of FFr 277m, against profits of FFr 159m in 1980.

Cogema, wholly owned by the French Atomic Energy Authority (CEA), was hit partly last year by the drop in uranium prices. It was also affected by lower than expected demand for its enrichment facilities in Eurodif.

Despite these setbacks and predictions of a relatively tough time over the next few years, M Michel Pecqueur, chairman, said the group remained financially strong. Last year, FFr 670m was charged to depreciation, and there was FFr 540m provision for losses on currency exchange.

Investments also increased by 45 per cent to FFr 1.5bn, of which FFr 685m was spent on the nuclear fuel retreatment at La Hague.

M Pecqueur said Cogema was to restart discussions with Pechiney-Ugine-Kuhlmann, the recently nationalised metals company, over the reorganisation of the French nuclear fuels industry.

Lufthansa forecasts better results

LUFTHANSA, the West German airline, will finish the current business year with better results than in 1981, AP-DJ reports from Cologne.

Herr Heinz Ruhnau, the company's new managing board chairman, said he was convinced that despite the air transportation industry's difficulties, losses on route service will shrink this year

The company is no longer burdened by the previous year's large capital investment of DM 1.2bn and aviation fuel prices have not risen as sharply as expected. The company has also been able to boost prices anywhere from 5 per cent on domestic routes to over 7 per cent elsewhere.

All of these Securities have been sold. This announcement appears as a matter of record only.

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June 30, 1982

'Perhaps the bravest man I ever knew...'

and now, he cannot bear to turn a corner

Six-foot-four Sergeant 'Tiny' G[illegible], DCM., was perhaps the bravest man his Colonel ever knew.

But now, after seeing service in Aden, after being booby-trapped and ambushed in Northern Ireland, Sergeant 'Tiny' cannot bear to turn a corner. For fear of what is on the other side.

It is the bravest men and women from the Services who suffer most from mental breakdown. For they have tried, each one of them, to give more, much more, than they could in the service of our Country.

We look after these brave men and women. We help them at home, and in hospital. We run our own Convalescent Home and, for those who are homeless and cannot look after themselves in the community, our Hostel gives permanent accommodation. For others, there is our Veterans' Home where they can see out their days in peace.

These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help us with a donation, and with a legacy too, perhaps. The debt is owed by all of us.

"They've given more than they could — please give as much as you can."

EX-SERVICES MENTAL WELFARE SOCIETY

37 Thurloe Street, London SW7 2LL Tel: 01-584-8688

IRELAND

U.S. $50,000,000

Floating Rate Notes Due 1988

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from June 30, 1982 to December 30, 1982 the Notes will carry an Interest Rate of 17⅝% per annum. The interest payable on the relevant interest payment date, December 30, 1982 against Coupon No. 4 will be U.S. $43,843.75 per Note.

Agent Bank:
Morgan Guaranty Trust Company
London

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INTERNATIONAL COMPANIES and FINANCE

Paying for peace among Japanese shareholders

BY YOKO SHIBATA IN TOKYO

MITSUBISHI ELECTRIC had a placid 18-minute annual shareholders' meeting yesterday despite charges brought last week that some employees had paid U.S. undercover agents for details of the latest technology of International Business Machines.

A rousing shareholders' chorus of "ryokai"—we agree—greeted Mr Nihachiro Katayama, Mitsubishi Electric's president, when he asserted that there was "no infringement of the law." Some 260 shareholders attended.

Hitachi, the other Japanese computer company involved in the case, fared even better on Monday. Its meeting of some 400 shareholders lasted 13 minutes. The lone attempt by a shareholder to ask a question was shouted down by fellow shareholders chanting "move to the next item."

Today is the last day of the 72-hour peak of Japan's annual meeting season. Some 470 companies across the country will have met their shareholders in this period. Almost without exception the meetings will have been brief and trouble-free with the boards' proposals unanimously endorsed. Rarely do these events last longer than 20 minutes.

This order and harmony is often achieved by the liberal use of paid supporters, sokaiya. The literal translation is gadfly, but it can also mean racketeer.

Sokaiya extract money from companies in which they hold a few shares by threatening to disturb shareholder meetings with embarrassing questions. Alternatively they undertake to smooth out the meeting by warding off troublesome questions from other shareholders.

The National Police Agency estimates that 70 per cent to 80 per cent of shareholders attending meetings are sokaiya. About 6,300 of them are at work in Japan organised into about 500 groups. The rapid rise from about 1,200 a decade ago mirrors the country's rapid economic growth.

Typical payments to keep quiet about redundancies, industrial pollution, the pecadilloes of executives and other such subjects fall into the Y100,000 to Y200,000 ($400-$800) range.

The largest recorded payment to a single sokaiya was Y10m ($40,000). Total budgets of Y100m per company are not uncommon.

> Sokaiya are Japanese shareholders who demand money for their co-operation in company annual meetings. They are out in force this year, the last before new laws severely hamper them.

Daiwa Securities surveyed the 1981 annual meeting of 609 companies and found that 131 had each paid off between 100 and 200 sokaiya. A further 77 had dealt with more than 500.

The onset of the sokaiya season in May and June is marked by the growing numbers of visitors to the corporate affairs offices of major corporations. The reception rooms fill up with pin-stripe suited men, many sporting dark classes and some facial scars. An active sokaiya can visit 10 companies in a day.

Shareholders meetings are open to anybody holding shares with a minimum par value of Y50 (20 cents U.S.). The growing use since the Second World War of Western-style meetings has given Sokaiya a rapidly expanding market.

Over the years Sokaiya's tactics have become increasingly sophisticated. Most operate legally under the guise of business consulting firms, economic research institutes or publishing companies. They solicit sanjokin — "contribution money"—in the form of consulting fees, or subscription and advertising payments.

But the infiltration in recent years of these businesses by the underworld has become a grave concern to the National Police Agency. This has led to a revised commercial code which will outlaw them from October.

The new minimum par value of a shareholding allowing entry to a meeting will be Y50,000. The revised code also specifies fines for people who make provocative announcements during a meeting.

Company executives will face fines for providing any sort of payoff or benefit such as patronising bars and restaurants run by sokaiya.

Faced with a far tougher market come October, the sokaiya are particularly active this season.

The Tokyo Metropolitan Police Department has responded to this increased activity by trebling to 940 the number of staff assigned to shareholder meetings during the peak three days this week. The number of companies requesting a police presence at their meetings has trebled this year to 340, the police department said.

The more determined sokaiya seemed to have found a loophole in the new laws. They are constituting themselves as political organisations since a donation to such a body need only be declared by a company if it exceeds Y1m.

The Tokyo Metropolitan Police Department recognised a total of only ten political organisations in the spring of last year. The number escalated to 110 this year.

Narrower margins slow LTA growth

By Our Johannesburg Correspondent

LTA, the major South African construction and engineering company, which is controlled by Anglo American Corporation, was affected by narrower margins and higher interest rates in the year ended March 31.

Turnover rose by 42 per cent, to R860m ($755m) from R607m, but operating profits before interest and tax rose by only 34 per cent to R22.8m from R17.1m.

The company's interest bill rose to R4.2m from R386,000, which meant that profits before tax but after interest payments advanced by only 11.4 per cent to R18.6m from R16.7m.

At the end of March, the value of uncompleted work on hand was R897m compared with R705m a year earlier. By June 28 this year, however, the amount had fallen to R760m, reflecting a marked slowdown in the rate of ordering of civil engineering and construction projects.

A total dividend of 35 cents a share has been declared from earnings of 101 cents a share. In the year ended March 31, 1981, earnings were 83 cents a share and a total dividend of 30 cents a share was paid.

Australian Woolworths in A$200m bid for Grace

BY OUR FINANCIAL STAFF

WOOLWORTHS, the major Australian stores group, has made a takeover offer worth about A$200m (U.S.$206m) for Grace Brothers, a competing chain.

A fierce battle for control of Grace has developed in recent weeks with four groups each taking shareholdings of about 18 per cent in it.

Woolworths, which is unconnected with F. W. Woolworth of the U.S. and the UK, has made its offer conditional on the acceptance of 51 per cent of Grace stock.

The offer consists of a share and convertible note deal which values each of Grace 47.48m common shares and each of its 10.25m convertible notes at about A$3.50, roughly the level seen in recent heavy trading of the stock.

Woolworths will offer nine of its ordinary shares plus six convertible notes worth A$1.62 each for seven Grace shares and/or convertible notes.

Officials of Woolworths and Grace were not immediately available yesterday for comment.

Grace Brothers said last week that about 72 per cent of its shares were in the hands of four groups.

The Grace family and company pension fund had 17.7 per cent of the shares and 8.6 per cent of the non-voting convertible notes.

Savona, a Canberra-registered company which is representing the interests of Tan Sri Khoo Tech Puat, the Singapore banker turned hotelier and developer, has 18.1 per cent of the shares and 27.5 per cent of the notes.

Bond Corporation Holdings of Perth has 18.2 per cent of the shares while Adelaide Steamship Company, which like Bond is heavily involved in retailing, has 18.2 per cent of the shares and 17.9 per cent of the notes.

Currency gains boost Kao Soap

BY OUR FINANCIAL STAFF

KAO SOAP, a major Japanese detergent manufacturer, has reported a 74 per cent rise in consolidated net earnings for the year ended March, partly because of foreign currency gains.

Net earnings climbed to Y5.26bn ($20.6m) from Y3.02bn a year earlier. Sales rose 14.8 per cent to Y294.14bn ($1.15bn) from the previous fiscal year's Y256.33bn.

Favourable foreign exchange conditions resulted in a Y500m gain.

The profit rise also reflected recovery from a poor performance in the previous year when price increases forced by spiralling material costs combined wth poor sales resulting from the unseasonally cool summer to hurt the earnings.

Kao is hoping that the current fiscal year will prove to be even better. It estimates that net earnings will climb to about Y5.8bn on sales that are expected to total some Y314bn.

● Ohbayashi-Gumi, one of Japan's top five integrated construction companies, has reported net earnings of Y10.65bn (£43m) for the year ended March compared with Y7.93bn a year earlier.

Turnover rose to Y687.43bn ($2.7bn) from Y655.22bn. Operating profit was Y34.99bn, compared with Y34.8bn, while pre-tax profits rose 34 per cent to Y24.91bn.

The company forecasts net profits for the current year of Y11.1bn on sales of Y706bn.

Profits up 24% at Banco Atlantico

By Robert Graham in Madrid

BANCO ATLANTICO, the largest of the 18 banks controlled by the Rumasa Group, has announced a 24 per cent increase in pre-tax profits in 1981 to Pta 1.5bn ($13.4m). This profit increase is slightly below the average for the big seven banks, but Atlantico was able to raise its share of the market marginally to 1.7 per cent.

During the year deposits in pesetas increased by 19 per cent and in foreign currency by 41 per cent to total Pta 159bn. The profit performance was attributed to the persistence of high interest rates and the bank's success in holding down operational costs.

Atlantico achieved an increase in productivity by holding the workforce steady at 3,546, yet managing to open 14 more branches. International business also played an important part, accounting for 25 per cent of total business.

Of the pre-tax profit, Pta 634m will be set aside for dividends and Pta 510m for reserves, raising total assets by 4.8 per cent to Pta 11bn.

Rumasa now owns directly and indirectly 57 per cent of Atlantico, which was formerly linked to Continental Illinois of the U.S.

Salinas y Rocha, S.A.
(Incorporated in the United Mexican States)
U.S.$25,000,000
Floating Rates Notes due 1988
In accordance with the provisions of the Notes and the Agent Bank Agreement between Salinas y Rocha, S.A., and Citibank, N.A. dated December 23, 1981, notice is hereby given that the Rate of Interest has been fixed at 17½% p.a. and that the interest payable on the relevant Interest Payment Date, December 31, 1982, against Coupon No. 2 in respect of U.S.$5,000 nominal of the Notes will be U.S.$453.61.
June 30, 1982
By: Citibank, N.A., Agent Bank
CITIBANK

U.S. $100,000,000
GenFinance N.V.
(Incorporated with limited liability in The Netherlands)
Floating Rate Notes Due 1992
Guaranteed on a Subordinated Basis as to payment of principal and interest by
Société Générale de Banque S.A./
Generale Bankmaatschappij N.V.
(Incorporated with limited liability in Belgium)
In accordance with the provisions of the Notes, notice is is hereby given that for the six month Interest Period from 30th June, 1982 to 30th December, 1982 the Notes will carry an Interest rate of 17½% per annum and the Coupon Amount per U.S. $10,000 will be U.S. $876·87.
Credit Suisse First Boston Limited
Agent Bank

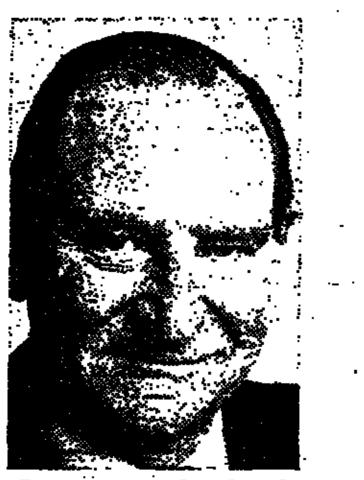
U.S. $25,000,000
UNITED OVERSEAS BANK LIMITED
(Incorporated in the Republic of Singapore)
Floating Rate Notes Due 1989
In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 30th June, 1982 to 30th September, 1982 the Notes will carry an Interest Rate of 17⅞% per annum. The relevant Interest Payment Date will be 30th September, 1982 and the Coupon Amount per U.S. $1,000 will be U.S. $43·76.
Credit Suisse First Boston Limited
Agent Bank

Company Announcement

92nd ANNUAL GENERAL MEETING OF THE CHAMBER OF MINES OF SOUTH AFRICA

Mining expansion plans reflect confidence in South Africa

This is an abridged version of the address by the President of the Chamber of Mines of South Africa, Mr L. W. P. van den Bosch, at the 92nd annual general meeting of the Chamber, held in Johannesburg on June 29, 1982.



L. W. P. van den Bosch
President of the Chamber of Mines of South Africa, 1981-82

The South African mining industry last year failed to match the exceptional results achieved in 1980, but nevertheless performed well in the far less favourable circumstances of 1981.

Although mineral sales declined in value from the level achieved in 1980, they were still 40.7 per cent higher than in 1979 and the industry continued to expand, with capital expenditure by producing gold mines alone reaching a record R1 222 million last year, 32.5 per cent higher than in 1980.

The scale of expansion reflects the industry's confidence in the future and although South Africa's economic growth rate almost halved last year from a peak of about 8 per cent in 1980 and since then has contracted further, the country should be able to look to a gradual revival of the economy in the wake of an expected improvement in mineral export earnings from next year onwards as the industrialised nations move out of the current recessionary phase.

The capacity of the mining industry to help generate and sustain economic growth will be particularly important in the next few years, as whatever blueprints emerge from the current discussion on constitutional and other reforms, continued stability in what appears to be an increasingly fluid domestic political situation will rest heavily on the degree to which the economic aspirations of the population as a whole can be accommodated.

The Gold Market

The pendulum which in recent years has favoured investment in gold swung the other way in 1981, resulting in a fall in the average price of gold on the London market from U.S.$613 per fine ounce in 1980 to U.S.$460 last year, with the price falling from an average of U.S.$557 in January to U.S.$410 in December 1981.

There were, however, some significant geographical variations in the demand for gold, investment demand being relatively inactive in Europe and the U.S., but surging strongly in the Middle and Far East.

While the fall in the gold price in 1981 had a severe impact on investment demand it was offset to some extent by the increase in the demand for gold jewellery, resulting from the lower gold price and the reduced volatility. A total of about 756 tons of gold, including recycled scrap, was used for this purpose, as against 518 tons in 1980. The favourable trend has continued into this year and at the present stage it can reasonably be expected that more than 800 tons of gold will be fabricated into jewellery during 1982.

Sales of Krugerrands increased to over 3.5 million ounces in 1981 compared with 3.1 million ounces in 1980. This is a fine achievement in view of the gold price performance, high interest rates and intensified competitive activity during the year. The total revenue earned in 1981 declined marginally to R1 475 million from R1 527 million in the previous year as a result of the lower gold price. The success of the Krugerrand range of gold coins is attributed to the widespread international appeal of the four denominations of the coin, of which a total of about 40 million have now been sold worldwide. While Europe and north America remained the dominant Krugerrand markets, the rapid growth of demand in Japan and the increased allocation of coins to the South African market both played a significant role in the overall results.

In the first five months of 1982, sales of Krugerrands were over 400,000 ounces higher than the 1.2 million ounces sold in the corresponding period of 1981. Despite the recent imposition in the United Kingdom of a 15 per cent Value Added Tax, which is likely to affect this market for several months to come, it is expected that improved Krugerrand sales will in total be maintained for the rest of this year.

The offtake of small gold bars in the East for industrial and investment purposes, particularly kilo bars, led to a shortfall in world refinery capacity for production of such bars in 1980/81 and this trend has continued for much of the current year.

In order to take advantage of this situation the Chamber sought and obtained approval from the authorities to produce and market high purity four-nines gold bars of 1,000 grams each. These kilobars, as they are known, were available for sale from this month and to date 3,000 bars have been sold, but it is the intention of the Chamber not to disturb the existing market for such bars.

The demand for gold at current price levels would seem to indicate that the physical market could, unless there are substantial price increases later in the year, comfortably absorb newly-mined production entering the market and thereby provide a firm foundation for a resumption of an upward trend in the gold price. Much will of course depend on the speed and nature of the economic recovery in the Western world.

Labour

In the field of labour and industrial relations the past year has seen intensified efforts to combat the skilled manpower shortage through stepped-up training programmes in the mining industry for all its employees and an initiative to secure an improved industrial relations arrangement which will enable the better utilisation of all the human resources at our disposal, irrespective of race.

This latter development followed a comprehensive analysis by the Chamber of the major industrial relations problems facing the mining industry which identified certain issues requiring industrial relations structures, including the collective bargaining system in operation, the question of freedom of association and the future of the closed shop and the need to allay employees' fears about future job security.

In August last year therefore, a series of meetings was commenced with the 11 employee organisations to debate these issues. Subsequent to that the sixth report of the commission of inquiry into labour legislation (the Wiehahn Commission) was published recommending that race discrimination in employment in the mining industry be abolished by replacing the definition "scheduled person" in the mines and works act with a non-discriminatory definition of a "competent person", provided that seven conditions could be met.

This was followed by the publication of a government white paper in which the Chamber and employee organisations in the industry were urged to take the initiative to reach agreement on the changes required within a reasonable period of time.

An analysis of the matters dealt with in the Wiehahn Commission's sixth report and the government white paper showed that many of the issues which the Chamber was already discussing with the employee organisations were also matters which would have to be tackled if agreement was to be obtained on the changes to the Mines and Works Act contemplated by the Wiehahn Commission.

To date a number of meetings have been held with the 11 employee organisations, but progress in reaching a consensus on the resolution of these major issues has unfortunately been slow.

Unfortunately, given the extremely serious plight of the mining industry and the national economy as a result of drastically reduced mineral earnings in the course of this year, it is not possible to maintain the high level of wage increases to which employees have become accustomed in recent years.

The Outlook

South Africa's mining industry was, for the most part, able to accommodate the very high inflationary cost increases during the 1970's, since the prices received for its major products, notably gold and diamonds, rose ahead of the rate of inflation which prevailed.

This situation has suddenly and dramatically been reversed, underscoring the essential wisdom of repeated warnings by successive presidents of the Chamber that since the industry cannot control external market forces it should strive to secure its future so far as possible by rigid control of costs.

During a period of rapid expansion, higher revenues, shortages of skills and generally high inflation, this has been extremely difficult — working costs on the gold mines alone rose by more than 75 per cent over the five-year period 1977-1981 in which the general rate of inflation increased by 65 per cent.

At the same time, real benefits did accrue as the industry seized the opportunity provided by higher gold prices to increase wages, improve the living and working conditions of employees, stabilise the labour force and embark on capital expenditure programmes designed to extend the lives and earning ability of the gold mines.

However, the adverse economic situation which both the country and the industry now face provides an opportunity for consolidation, as, hopefully, many of the factors I have mentioned which have contributed to the inflationary spiral will start abating.

Expansion plans on the operating gold mines have already been trimmed by about 15 per cent and will remain at roughly the same level as last year; there has been a discernible easing of the skilled manpower shortage; the level of wage increases accorded in the more difficult circumstances of the industry this year has been lower and a degree of improvement in productivity has accompanied the increased stabilisation of the labour force.

The economic potential of South Africa remains enormous. If the necessary wisdom and discipline can be applied in the economic sphere to realise this potential, then I have little doubt that the solutions which are necessary in the political field will be that much easier to find.

The full text of this address, in English or Afrikaans, is available from: The General Manager, Chamber of Mines of South Africa, 5 Hollard Street, Johannesburg, 2001.

TECHNOLOGY

EDITED BY ALAN CANE

MARK MEREDITH and MAX COMMANDER look at the latest developments in oil drilling

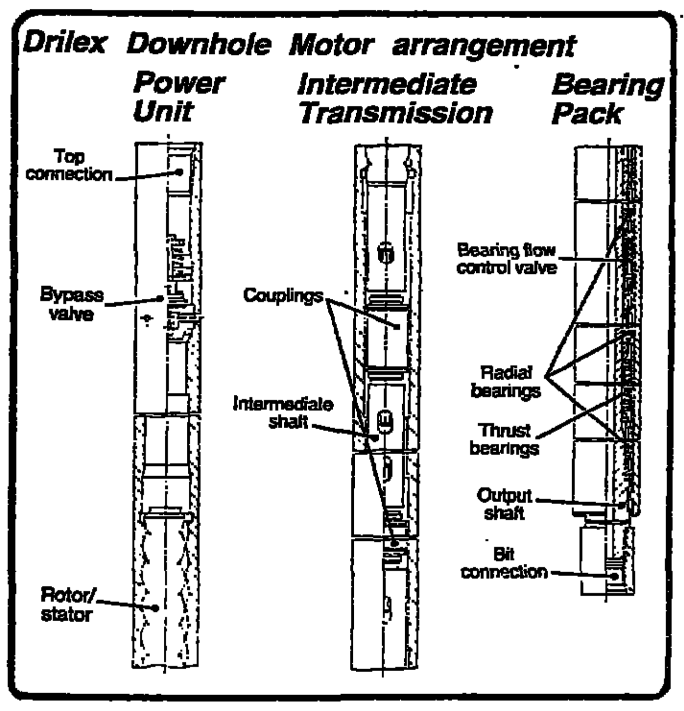
How to make efficient holes in the earth's crust

A SOVIET - DESIGNED, British developed, mud-powered machine is trying to make a hole in the expanding market for deep well drilling equipment.

Drilling tens of thousands of feet into the earth for oil, gas, water, mineral samples or for geothermal energy can, roughly speaking, be done two ways.

The most common way to Westerners is to have a drill bit churning into the rock at the end of a long pipe which is turned by a powerful rotary motor on the surface.

The other method, extensively used in the Soviet Union, uses a drill motor actually down the hole with the driving force right behind the cutting drill bit.



Vital issues drilling far below the surface are the material strengths and power involved in turning the drill as well as the speed of the drill with its associated problems of vibration, friction and wear.

A cutting edge for the operator too is the cost involved in drilling where the lease of equipment, especially offshore, is hugely expensive. Plant hire of this kind can cost $100,000 a day.

Speed and efficiency are essential. But new systems have often found it difficult to make headway in the conservative world of drill operators who prefer tried and tested systems.

Drilex is an Aberdeen-based company with a conviction it can win converts to its down-hole drill motor. The company is 50 per cent owned by the John Wood group and 50 per cent by Drilex UK, both offshore service specialists.

Mr John Forest, a director and technical director of Drilex has developed the "D" series of down-hole motor which he says is capable of drilling a hole in half the time of conventional systems, in some cases.

The market is a big one with only one per cent of the footage drilled in the U.S. carried out by down-hole motors. About 80 per cent of the Soviet footage drilled on the other hand uses the system.

The motor involves packing the drive equipment for a motor into a pipe 23 feet long and able to fit down a drill hole.

The motor mechanism is rather like a corkscrew fitted loosely into a casing with a corresponding screw thread—a thread inside a cavity of similar geometry.

The equipment is powered by drilling mud, pumped under high pressure from the surface down inside the drill pipe to the motor and through the spiral gap between the threads of the corkscrew and the inner casing to turn the corkscrew and drill bit.

The mud is a mixture, 80 per cent liquid and 20 per cent solids. It must be dense enough to maintain the pressure on the wall of the hole and prevent cave-in or blow outs where gas leaks into the hole and rises up expanding as it goes.

The mud passes through the motor and out through the teeth of the bit removing the cut rock and passing back up the drill hole on the outside of the drill pipe to the surface where it is filtered and reinjected.

Running with mud however, presents one fundamental problem—it is rather like running an engine on sand. The solid matter exerts considerable wear on the motor.

Drilex has reduced this wear through the use of ceramic coatings on the steel to be more resilient to wear and the use of carbon fibres for greater strength in some fittings.

The short life of a motor used to be one of its main drawbacks. Some would only have a life of 10 hours before they would have to be drawn back up the hole and operators want to avoid time spent pulling equipment out of the hole. The "D" series developed by Drilex claims a life of 100 hours or more.

The motor is called a positive displacement motor referring to its direct drive mechanism.

Where Drilex feels it has the edge not only over conventional methods but over the other 10 or so down-hole motor manufacturers in the world is the factors of high torque and low speed.

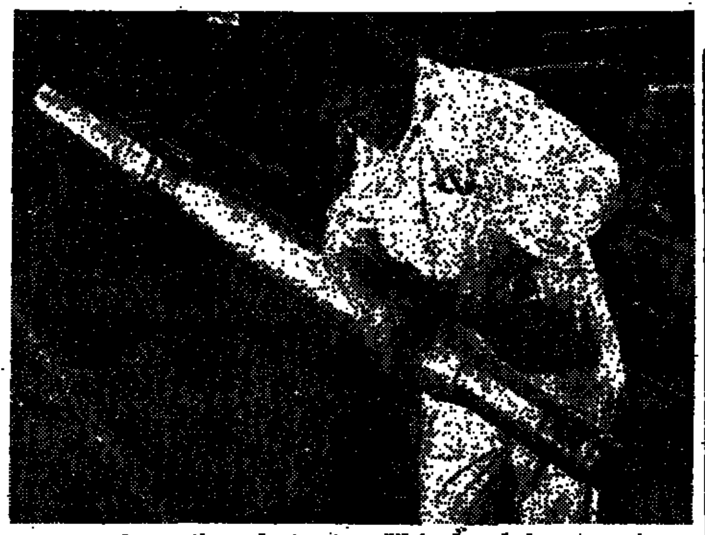
Torque is the turning strength of drill. It also explains the huge strains put on a conventional drill pipe thousands of feet in length turning inside a constricted hole. Rather like twisting an elastic band, the actual torque at the drill end can often be five to eight times the twisting strength at the rotary motor on the surface.

The strains on the drill pipe are a constant worry for the operator. The lack of high quality steel able to withstand these pressures was a key factor which led Soviet scientists to develop the downhole motor which eliminated the strain on the drill string.

In terms of drilling rate the down-hole motor can eat its way by as much as 120 feet an hour. This compares with examples of three to 60 feet in some conventional rotary systems, according to Mr Forrest.

The low speed of the motor enables it to use any system drill bit. Other down-hole motors have much greater speeds limiting the range of bits they can use.

Drilex sees as its main target the land-based drilling rig simply because there are more of them although there are cost advantages to offshore work. And deep hard rock drilling down-hole motors have been used in numerous operations under the sea-bed.



Fitting the suction adaptor to a Weir downhole pumpset at the company's Alloa, Clackmannanshire plant

Reliability standards

WEIR PUMPS of Glasgow, with assistance from British Petroleum, the British National Oil Corporation and the Department of Energy, has developed a new high power downhole pump which, it is hoped, will set new standards of reliability for raising oil and water from deep wells.

Weir believes that even in the very harsh operating conditions of many oilfields the pump should have a working life several times that of an equivalent electric unit resulting in a potential annual saving of £1m or more for each pump in operation.

Mr J. D. Sinclair of Weir says that the pump has an hydraulic drive which makes possible a unit about one-tenth the weight and length of existing electrically driven assemblies of the same power. In some examples this can mean a unit 10 ft long as compared with some electrical ones of 100 ft.

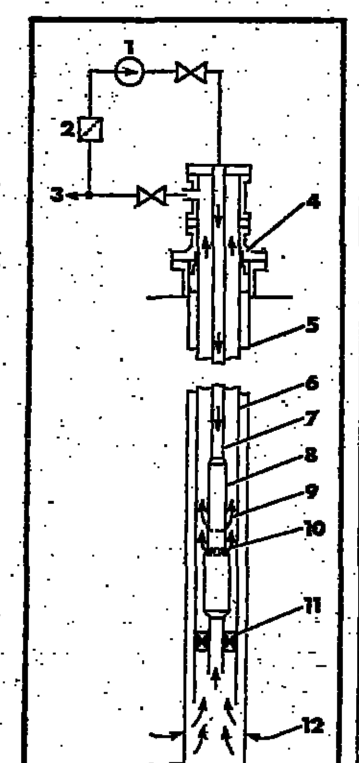
First test with a full size 320 hp prototype started in April last year. After 450 hours of test-bed running, including 230 stops and starts at temperatures between 80 and 90 degrees C with the unit mounted at various attitudes and dirt in the circuit, it was difficult to find any appreciable deterioration.

Subsequently, in July last year the prototype was installed 2,000 ft below ground at the Energy Department's geothermal well at Marchwood, Hampshire.

The trial ran for 2,000 hours and now a unit is to be used in a Middle East oilfield where it will raise hot saline water from a deep aquifier for injection into the oil bearing formation.

Mr Sinclair says that his company now has units available to run inside 7 inch diameter tube for flows from 2,000 to 15,000 barrels a day at heads from 1,000 to 4,000 ft. For larger wells designs are available for pumping up to 100,000 barrels a day in larger casings.

The Weir Group is at Cathcart, Glasgow (041-637 7111). MC



Arrangement of the Weir downhole pump in the well: (1) Hydraulic power fluid pump (2) filter (3) well output (4) well head (5) casing (6) production tube (7) hydraulic power fluid supply tube (8) downhole pumpset (9) hydraulic power fluid outlet to production tube (10) pump discharge to production tube (11) sealing packer (12) oil flow into well

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First for London

LONDON WILL be the first city in Europe to use a low power digital microwave radio system developed by DCC as part of Mercury, the private business telecommunications network now under development.

DCC, part of the M/A-Com group, hopes that its part of the Mercury system, called Rapac, will be operating early next year to satisfy the existing demand for high speed digital communications within London.

Subscribers to the London system will need a roof top dish aerial to pick up the data which is transmitted via a central transmitter called a node. This has a six mile broadcast radius and transmits the high speed data as packets of information each carrying a special address.

Only the aerial with the right address for each data packet can decode the signal.

Businesses will be able to recive and transmit data at speeds up to 160 times greater than that attainable in ordinary leased telephone lines, DCC claims.

The company says that the new system will make the often talked about concept of electronic offices communicating automatically with each other a practical, and economic, proposition.

It will pave the way for high speed facsimile transmission—with dozens of pages sent over the network a minute — plus high speed computer data and video-conferencing.

Detector

THE MEASUREMENT of liquid and solid levels in vessels and tanks to a height of 33 feet is possible using an ultrasonic detector from Fischer & Porter of Workington, Cumbria.

The detector is made up of two units: a transmitter and a transponder. The transponder generates the high-powered ultrasonic sound waves within a span of 2 ft to 22 ft. More information on 0946 830611.

Twisters

A NEW range of "Twistronic" two for one twisters and direct cablers is now available from Cobble Muschamp, a division of Cobble Blackburn.

The machines in 400mm and 600mm gauges are intended for use with large format supply packages in the medium to coarse count areas of synthetic staple and filament and for fine to coarse denier industrial yarns. More from 0254 55121.

Fight back on screwdrivers

BRITAIN is fighting back on the screwdriver front. This is the patriotic message from the Desoutter Group of London which intends to seize a part of the market for torque controlled electric screwdrivers.

It may not be generally known but, apparently, the "growing market" for such a tool is dominated by one Japanese manufacturer. But his is manually switched with the clutch operated by a mechanical spring-loaded system. When the spring can no longer hold the clutch against the power of the motor one of the two sections it holds apart makes contact with a micro-switch which brakes the power supply.

But those devilishly clever Desoutter people have designed a screwdriver with electronic control. This ensures that when the preset torque has been reached the clutch disengages and the motor is switched off—instantly.

I suppose that if you happen to be a collector of screwdrivers, ancient and modern, you will understand all this. It may interest you to know that the Desoutter model can deal with all screw materials (non-ferrous, steel, ceramic and most kinds of plastic). All can be fastened to a required preset torque consistency of between 0.4 and 3.4 Nm. It also has a noise level of less than 60 db (A).

Patriotic screwdriver buyers should 'phone Peter Tobitt on 01-205 7050. MC

Straw boilers from Denmark

Two boilers rated at 280,000 BTUs and 400,000 BTUs have been developed by the Danish Institute of Technology for firing by straw bales, but will also use household refuse or wood. Exenco of Aldershot has sole distribution rights in the UK and the Irish Republic.

The first installation in the UK will be completed at the end of this month. Full details from Exenco (07356 6588).

Anti-lock braking system

LUCAS GIRLING is the first, and so far only maker to win UK Government vehicle type approval for an anti-lock braking system for trucks, buses and other heavy commercial vehicles.

Crane Fruehauf, the leading trailer maker, with which Lucas has ben collaborating, has also received comparable approval fo ra trailer fitted with a similar device for controlling air-actuated braking systems.

The Skidchek system is a logical extension of regulations that come into force for vehicles produced after October 1. Among other things these specify a load modulation system that provides balanced braking of the tandem axle whether the vehicle is laden or unladen via a load sensing valve.

The regulations also introduce a 0.4 second response in a two-line braking system and eight braking applications after the engine, which supplies compressed air, has ceased running, and still retain 50 per cent of air.

They do not, however, go as far as Skidchek in eliminating the "jackknifing" of articulated lorries and other manifestations of skidding. Lucas Girling claims that the extra £200 or so the more advanced system costs over what new regulations make necessary can be recovered through reduced tyre wear and maintenance costs.

The original Skidchek system has been adopted by almost all fire services and oil companies' tankers, and more up-to-date versions are being built into new trailers and vehicles.

Crane Rruehauf has so far built about two dozen trailers with the Skidchek as original equipment, and Wallace Arnold has just taken delivery of six Volvo coaches.

Wallace Arnold had the first coach, a Leyland Tiger, fitted with the anti-lock device. Approvals are awaited from Volvo, Daf, Ford and Bedford, with the two latter systems operating on hydraulic or air brake lines.

Among the basic elements of Skidchek are an electronic control module, a memory controlled relay valve, an exciter and monitor light. The exciter is a metal disc built into the axle hub which activates a sensor when wheel deceleration reaches a predetermined threshold.

Existing models are of analogue variety, but work is proceeding on a digital version that should eventually reduce the size to about a quarter as well as enhancing efficiency.

PETER CARTWRIGHT

THE ASSOCIATES
Associates Corporation of North America
A Gulf + Western Company

Financial Highlights for the Nine Months Ended April 30, 1982

	Nine Months Ended or at April 30, 1982	1981	% Increase (Decrease)
	(US $ Amounts in Thousands)		
Income before provision for income taxes and unrealized foreign currency translation loss*	$ 104,346	$ 85,532	22%
Net income*	64,341	45,591	41
Stockholders' equity	830,373	778,277	7
Finance receivables			
Commercial and Industrial Financing	$2,887,200	$2,541,420	14
Consumer Financing—			
Consumer Operation	2,689,812	2,873,250	(6)
Diversified Services Operation	457,275	345,497	32
Total Receivables	$6,034,287	$5,760,167	5

	Nine Months Ended or at April 30, 1982	1981	% Increase (Decrease)
	(US $ Amounts in Thousands)		
Unearned finance income	$1,227,307	$1,111,297	10%
Percent of Related Receivables	27.30%	26.20%	
Allowance for losses on finance receivables	152,888	153,986	(1)
Percent of Net Receivables	3.16%	3.30%	
Finance Volume			
Commercial and Industrial Financing	$3,780,382	$3,242,012	17
Consumer Financing—			
Consumer Operation	1,369,614	1,923,717	(29)
Diversified Services Operation	338,158	304,800	11
Total Volume	$5,488,154	$5,470,529	-

*During the third quarter of fiscal 1982, The Associates adopted the Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation," effective August 1, 1981. Under the new standards, the unrealized effect on The Associates' financial statements of translating assets and liabilities denominated in foreign currencies into United States currency is no longer included in the determination of net income. The accounting charge decreased net income that would otherwise have been reported for the nine months ended April 30, 1982 by $335,000. Financial statements for periods prior to August 1, 1981, have not been restated. For the first nine months of fiscal 1981, the Company reported an unrealized foreign currency translation loss of $5.9 million.

Consolidated Balance Sheet

	April 30, 1982	1981
	(US $ Amounts in Thousands)	
ASSETS		
Cash	$ 52,951	$ 71,085
Marketable Securities		
Bonds and Notes, at amortized cost (market—1982, $235,263,000; 1981, $199,848,000)	$ 265,500	$ 231,782
Stocks, at market (cost—1982, $6,249,000; 1981, $22,239,000)	4,681	23,850
Total Marketable Securities	$ 270,181	$ 255,632
Finance Receivables		
Commercial and Industrial Financing		
Heavy-duty truck installment receivables	$1,085,257	$ 981,302
Other industrial installment receivables	1,244,794	1,003,304
Factored receivables and loans to factoring clients	161,832	150,653
Commercial loans	267,480	294,112
Wholesale short-term loans	117,837	112,049
Consumer Financing		
Real estate installment loans	1,610,174	1,395,760
Direct installment loans		
—Consumer operation	862,128	1,149,087
—Diversified Services operation	457,275	345,497
Other installment receivables	217,510	328,403
Total Finance Receivables	$6,034,287	$5,760,167
Less		
Unearned finance income	(1,227,307)	(1,111,297)
Allowance for losses	(152,888)	(153,986)
	$4,654,092	$4,494,884
Other Assets	322,040	302,112
	$5,299,264	$5,123,713
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes Payable unsecured short-term	$2,161,809	$2,100,948
Reserve for Insurance Claims and Benefits	135,031	151,681
Accounts Payable and Accruals	185,164	172,819
Credit Balances of Factoring Clients and Dealers	115,399	88,895
Long-Term Debt unsecured	1,871,488	1,831,093
Stockholders' Equity		
Class B Common Stock, $100 par value, 2,000,000 shares authorized, 1,000,000 shares outstanding	$ 100,000	$ 100,000
Common Stock, no par value, 5,000 shares authorized, 250 shares outstanding, at stated value	47,037	47,037
Paid-in Capital	287,581	283,315
Retained Earnings	396,548	346,765
Unrealized Foreign Currency Translation Adjustments	335	—
Unrealized Appreciation (Depreciation) of Marketable Equity Securities	(1,128)	1,160
Total Stockholders' Equity	$ 830,373	$ 778,277
	$5,299,264	$5,123,713

Board of Directors

John M. Belk — Chairman of the Board, Belk Stores Services, Inc.
Charles G. Bluhdorn — Chairman of the Board, Gulf + Western Industries, Inc.
Dr. Floyd A. Bond — Dean Emeritus, Graduate School of Business Administration and the Donald C. Cook Distinguished Professor of Business Economics, The University of Michigan
Martin S. Davis — Executive Vice President, Gulf + Western Industries, Inc.
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Offices

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UNION DE BANQUES ARABES ET FRANÇAISES
اتحاد المصارف العربية والفرنسية

Balance sheet as at 31 December 1981
(French Francs)

ASSETS	1980	1981
Cash, issuing houses, Treasury, Post Office current accounts	885 548 000	1 406 404 000
Banks, financial institutions and corporations	15 273 222 000	23 090 632 000
Treasury bills, securities received as collateral or bought firm	185 721 000	167 360 000
Credit to customers	5 024 765 000	7 234 573 000
Customers' debit accounts	46 071 000	61 858 000
Cheques and bills for collection	99 334 000	95 396 000
Suspense accounts and sundries	737 242 000	935 157 000
Securities transactions	11 071 000	–
Marketable securities	288 332 000	493 448 000
Investments in subsidiaries and associates	46 909 000	46 944 000
Subordinated loans	–	122 000
Fixed assets	19 492 000	76 132 000
Total assets:	22 617 707 000	33 608 026 000

LIABILITIES	1980	1981
Issuing houses, Treasury, Post Office current accounts	3 298 775 000	3 902 953 000
Banks, financial institutions and corporations	14 671 183 000	23 928 668 000
Securities given as collateral or sold firm	803 399 000	1 222 800 000
Customers' credit accounts	1 571 531 000	2 033 163 000
Special savings accounts	17 667 000	1 699 000
Accounts payable after collection	99 334 000	95 396 000
Suspense accounts, provisions and sundries	824 331 000	1 191 114 000
Bonds	829 560 000	698 522 000
Subordinated loan issue	150 000 000	150 000 000
Reserves	63 523 000	80 051 000
Capital	250 000 000	250 000 000
Profit for the year	38 404 000	53 660 000
Total liabilities:	22 617 707 000	33 608 026 000

The Annual General Meeting held on April 29, 1982, at the bank's new head office 190 avenue Charles de Gaulle, Neuilly-sur-Seine, unanimously approved the balance-sheet and accounts for the year ended December 31, 1981, which showed a net profit of FF 53,659,855 against FF 38,403,739 for the previous year.

The General Meeting decided to distribute a dividend of FF 27,500,000 against FF 22,500,000 in 1980.

It unanimously ratified the appointment of Mr Bruno DAVEZAC to the position left vacant after Mr Tanneguy de FEUILHADE de CHAUVIN resigned.

The General Meeting unanimously ratified the Board's proposal to renew for a further 3 years the term of office of the following members of the Board: Dr Mohamed Mahmoud ABUSHADI, Banque Française du Commerce Extérieur represented by Mr Patrick HAIZET and the Commercial Bank of Syria represented by Mr Maen RASLAN.

Pursuant to the resolution of the Extraordinary General Meeting held on the same day, the Board of Directors renewed the term of office of Dr Mohamed Mahmoud ABUSHADI as Chairman of the Board for the duration of his position as Director.

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COMMODITIES AND AGRICULTURE

Indian tea forecast down

By P. C. Mahanti in Calcutta

CHAIRMAN of Tea Board Mr B. K. Goswami has repeated his earlier forecast that the Indian tea crop this season is likely to be short by at least 18m kilos compared with the past year's 550m kilos.

The bulk of the otuput loss will be in South India where an unusually long and severe drought has hit the tea crop so hard that the south Indian output over the first four months of this year shows a sharp drop of 11.4m kilos to 27.26m. The drop is one of 28 per cent. The north Indian crop was running some 15m kilos behind the previous year's figure at the end of last May according to industry estimates. Since then, monsoon has broken in Assam and the crop is likely to have recovered some ground during the current months but will not have made up for the overall drop in the Indian tea crop so far.

Britain eats more chicken

Financial Times Reporter

POULTRY meat sales reached a record £800m last year and it is now the most popular meat in Britain, according to figures published yesterday.

In the last 30 years poultry meat has come from being the least consumer meat, well below beef, pork and lamb, to the number one spot, said Mr Maurice Trew, Chairman of British Chicken, the marketing co-operative representing leading producers.

About 80 per cent of all poultry eaten is chicken and portions and further processed products are the fastest growing sectors of this market, accounting for about 90m birds worth more than £150m a year.

About 5m whole chickens are also sold every week. Housewives are switching from beef to larger birds, weighing between 4lbs and 5lbs, for the traditional Sunday roast, said Mr Trew.

Copper recovery spurs producer price rises

BY RICHARD MOONEY

THE RALLY in London Metal Exchange copper prices accelerated yesterday with the high grade cash quotation gaining another £26 to end the day at £783 a tonne. The price has now regained £92.75 since sustained speculative selling drove it to its lowest level for four years at the beginning of last week.

Yesterday's rise stemmed from overnight strength in New York which encouraged covering against earlier speculative sales and new buying based on "bullish" chart patterns. Dealers said the renewed strength in gold, physical demand from East and West Germany, and covering against sales to China, were other factors influencing the market.

The reported Chinese purchases were the first for some time, they noted.

The recovery in the copper market has encouraged several producers to raise their list prices following earlier sharp cuts. Asarco has lifted its price from 65 to 66 cents a pound while Inspiration copper has gone up 1½ cents to 65 cents a pound. Noranda's price has been raised by 2 cents to 67 cents a pound.

The LME price rise for copper was followed by lead and zinc but there was a decline on the tin market, which had risen sharply on Monday in a continued reaction to news that the new International Tin Agreement, (ITA) was to go ahead after all next month. After Monday's £375 rise cash tin fell back £165 to £6,850 a tonne yesterday. Dealers attributed the fall to profit-taking by speculators following the earlier upsurge.

Jonathan Sharp in Bangkok writes: Malaysia, Thailand and Indonesia, which between them supply about two thirds of the world's tin, announced last night they had agreed on terms for their new Association of Tin Producing Countries, subject to the approval of their respective governments.

A joint statement issued after a day-long ministerial meeting between the three countries said the accord would be formally adopted and signed on August 2 at the headquarters of the Association, which will be in Kuala Lumpur or Jakarta.

The joint statement, couched in vague terms, said: "The Agreement provides an essential framework to ensure remunerative returns to producers and fair prices to consumers.

"To attain these objectives, the agreement provides for several institutional and financial arrangements including measures to intensify research and development on the uses of tin and to strengthen marketing through joint approaches for direct marketing and improvement of market intelligence information," it added.

The statement said that the activities of the association would serve to enhance the functioning of the sixth International Tin Agreement, due to come into provisional force on July 1.

Malaysia, the world's biggest producer, reluctantly agreed to participate in the sixth ITA, but required the immediate formation of the Producers' Association as a *quid pro quo* in case the ITA failed to improve the price of tin.

The joint statement said other tin producers were invited to sign the producers' agreement on August 2, or to join the association at their earliest convenience. Bolivia has said it intends to join.

U.S. farmers fear for Soviet pact

BY NANCY DUNNE IN WASHINGTON

THE HARDENING American line on trade with the Soviet Union, dramatised by the departure of Secretary of State Haig, has seriously alarmed farmers who had hoped for a new long-term grain agreement between the two superpowers.

The Secretary's resignation forced the cancellation this week of a meeting scheduled for discussion of a new grain pact. Secretary of Agriculture Mr John Block and President Reagan had been expected to attend the meeting to discuss the possibility of setting negotiation dates with the Kremlin.

Farm organisations had already feared the worst. In its newsletter set out last week, the U.S. Wheat Associates noted "the willingness of the Administration to inflict serious long-term damage on an already dangerously weakened U.S. economy in striving for obscure and likely unobtainable foreign policy goals."

It said the Administration had neglected to consider the "dismal failure" of the 1980 embargo on grain sales to the Soviet Union and the 20-year embargo on trade with Cuba as well as "the historic ability of the Soviet people to endure hardship."

A poll of all main farm organisations conducted by Mr Michael Hall of the Corn Growers Association found every one, with the exception of the American Farm Bureau Federation, in favour of negotiations for a new pact. However, Mr Hall concluded that there is only a 50-50 chance that the President will extend the current agreement, due to expire on September 30, and little chance of the Administration going forward with new negotiations.

As a fallback position, farm groups are supporting "sanctity of export contracts" legislation, introduced in various forms by several farm state senators and congressmen to assure the Soviets that contracts would not be cancelled by embargo. Although Administration officials have threatened to veto such legislation, the Senate Committee on Banking, Housing and Urban Affairs will hold hearings on the proposals next month.

Sugar market steadier

By Our Commodities Staff

RAW SUGAR futures on the London market were steadier yesterday with trade buying lifting the October position by almost £7 above Monday's level. In the morning the London daily price was set at £104 per tonne up £2 on the previous day.

In Brussels yesterday the African, Caribbean and Pacific (ACP) group of sugar exporters accepted a 9.5 per cent rise in guaranteed prices for their sales to the EEC, reports Reuter.

The ACP decided to drop demands for a 15 per cent increase after being offered the 9.5 per cent which is in line with the recent farm price increases agreed for within the Community. These countries are linked to the EEC via the Lomé Convention and sell about 1.3m tonnes of sugar to the Community each year.

Discussions between the EEC and the U.S. Trade Representatives' office over accusations that the Community is illegally subsidising its sugar exports are to continue, say American officials.

Brazil may accept coffee pact changes

By Terry Povey

BRAZIL has indicated that it may accept proposed changes in the new International Coffee Agreement according to delegates at the London meeting. A consensus is required by midnight tonight in order that the new agreement can come into effect from September 1983.

Earlier this week Brazil had said that it wanted its export quota restored to 35 per cent instead of the present 30 per cent. In subsequent discussions it showed a degree of flexibility on this point provided that the current share is maintained.

Brazil's 1982 crop has been badly hit by frost and the April-July harvest is estimated at 17.6m bags compared with last year's 33.7m bags.

DRIED FRUIT

Greece manoeuvres the market

BY A CORRESPONDENT

WHEN AN American crop failure had caused prices for dried fruit in Britain three years ago to approach £1,000 a tonne, it seemed that after a decade of price-cutting among the big three suppliers—Australia, Greece and Turkey—the scene was at last set for a touch of consumer-resistance.

In the event, Australia caused that prospect to be averted by setting opening values for 1980 at about £825 a tonne for top five-crown grades and slightly lower for four-crown. Greece and Turkey fell into line, though Turkey more so than Greece, which was following a policy of keeping levels up in anticipation of joining the EEC.

Last year, having harvested only two-thirds of its usual tonnage and with quality lower, Australia's influence receded. Greece was now receiving both EEC and domestic farm subsidies to the extent of 14 per cent. She used them not, as might have been expected, to make her fruit more competitive but rather to enable exporters to seek higher prices than they would have had to do if returns had depended on the market alone. Australia was further disadvantaged by the strengthening of its dollar against sterling.

This year, with a crop of 72,000 tonnes and an export quota for Britain likely to exceed 12,000 tonnes, Australia is recovering some of its former volume dominance, and buyers who were dismayed at last year's fall in quality have hailed the present crop, now starting to reach the UK in quantity, as excellent.

Australia remains, however, at the mercy of Greece on price. This season receiving EEC subsidies of between £56 and £76 a tonne, and faced with a world surplus of dried fruit, Greece used the flexibility conferred by that aid not to raise prices but to lower them. Critics of this action maintain that EEC assistance should be used to promote dried fruit rather than to gain unfair competitiveness.

Under the influence of the Greek policy, prices for South African fruit, marketed about the same time, and supplies available around the world, Australia set its rates at about A$1,150 (£676) a tonne for four-crown sultanas and A$1,130 (£665) for three-crown, c.i.f.

This compared with A$1,500 a tonne for the best of last year's rather disappointing offering and a 1980 ceiling of A$1,625—though the Australian dollar was weaker then and sterling values relatively lower.

Greek prices for this season had opened in late 1981 at around US$1,100 (£620) a tonne, and at that level many British buyers lodged their orders, only to find in early May that the Greeks, who had led traders to believe they would hold those rates until the end of July, were now cutting them, for fruit comparable with the Australian grades, to the equivalent of £560 a tonne.

Although Turkey's 1981 crop was believed to be almost fully sold, rates for her fruit followed the others downwards, somewhat to the market's surprise.

Australia offered its sultanas this year in two allocations. Disposal of the first went satisfactorily, but the Greek move, which has been criticised for damaging confidence, has put brakes on the second.

This season having shown that price-cutting has overtaken inflation as a factor in buying, wholesalers may tend to work on a hand-to-mouth basis rather than plunge into forward purchasing. If Greece's carry-over and the output of the main producers remain high, further downward pressure would be put on prices. Many in the business would like nature to inflict shortages.

Natural rubber increases market share

BY OUR COMMODITIES STAFF

GROWING EVIDENCE of an increased market share for natural rubber at the expense of synthetic rubbers is a positive sign for producers, Landell Mills Commodity Studies says in the latest issue of its bulletin.

In an analysis of rubber consumption in the U.S. for the early part of 1982 Landell Mills finds that there has been a 4 per cent growth in demand for the natural as opposed to 10 per cent for the synthetic product. A change in the relative prices of the two is assumed to be the main reason.

This change took place when both the tyre and non-tyre sectors were in decline and when the output of heavy tyres which contain more natural rubber) was falling more rapidly than the output of car tyres.

Commenting on the threat by natural rubber producers to cut exports in order to improve prices Landell Mills argues that until adequate information is available on the actual levels of exports this will have "little meaning."

Problems in monitoring production and exports, especially from Indonesia to Singapore, make establishing a baseline for rubber sales very difficult.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.80	+0.05
Iranian Light	30.75-31.80	—
Arabian Heavy	29.80	—
North Sea (Forties)	33.40-33.60	+0.13
African (Bonny Li'ht)	33.75-33.80	—0.10
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	336-346	+2.5
Gas oil	275-282	+0.5
Heavy fuel oil	169-171	—

GAS OIL FUTURES

Prices initially continued their rise supported by stronger physicals. The market fell back sharply on a weak New York opening, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
June	277.00	—2.00	279.50-77.00
July	281.50	—0.50	283.50-80.75
August	283.50	—	285.50-82.00
Sept.	284.00	+0.75	288.50-83.00
Oct.	286.25	+0.25	288.00-86.00
Nov	288.00	—1.00	289.25-88.00
Dec	290.00	—	290.00
Jan.	293.00	+1.00	—
Feb.	295.00	+1.50	—

Turnover: 1,794 (975) lots of 100 tonnes.

GOLD MARKETS

Gold rose $7¼ to $310-311½ in the London bullion market yesterday. It opened at $311¾-312½, and was fixed at $310.75 in the morning, and $309 in the afternoon. The metal touched a peak of $313¾-314¼, and a low of $307-$307¾.

In Paris the 12½ kilo gold bar was fixed at FFr 67,500 per kilo ($305.48 per ounce) in the afternoon, compared with FFr 68,250 ($309.16) in the morning, and FFr 67,500 ($303.43) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 24,835 per kilo ($311.98 per ounce) against DM 24,435 ($304.99) previously, and closed at $307¼-308¼, compared with $303½-304½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $310.75 per ounce, against $303.25.

In Zurich gold finished at $306-309.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	181.80-2.50	+3.550	183.20-0.80
Sept'mb'r	183.05-3.80	+3.525	—
October	185.20-5.60	+3.350	—
November	187.00-7.60	+3.150	185.00
December	188.35-90.0	+3.425	—
January	190.50-1.50	+3.325	—

Turnover: 556 (241) lots of 100 troy ounces.

	June 29		June 28	
Gold Bullion (fine ounce)				
Close	$310½-311½	(£197¾-180¼)	$303¼-304¼	(£176¼-177)
Opening	$311¾-312½	(£180½-181)	$302-303	(£176½-177)
Morning fixing	$310.75	(£179.936)	$303.40	(£176.879)
Afternoon fixing	$309	(£179.234)	$303.75	(£176.578)

Gold Coins June 29					
Krugrnd	$321¼-322	(£186-185½)	King Sov	$75-77	(£43-43½)
½ Krug	$165½-166½	(£95¼-96)	Victoria Sov	$75-77	(£43-43½)
¼ Krug	$84¼-85¼	(£48½-49)	French 20s	$73½-75¾	(£42¼-43¾)
1/10 Krug	$34¼-35¼	(£19¾-20¼)	50 pesos Mex.	$382¼-384¾	(£220¼-221¾)
Mapleleaf	$321¼-322¼	(£185-185¾)	100 Cor. Aust	$304½-306½	(£175½-176¾)
New Sov	$74-74½	(£42½-43)	$20 Eagles	$368-373	(£212-215)

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ART GALLERIES

COLNAGHI, 14, Old Bond St., W1. 01-491 7408. DISCOVERIES FROM THE CINQUECENTO until 7 August and ITALIAN OLD MASTER DRAWINGS until 10 July. Mon.-Fri. 10-5. Sat. 10-1.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. AN EXHIBITION OF IMPORTANT XIX AND XX CENTURY WORKS OF ART. Mon.-Fri. 10-5. Sats. 10-1.

SANDFORD GALLERY, COVENT GARDEN, 1, Mercer Street, WC2. "ENGLISH ART 1900-1982." Tues.-Sat. 12-5.30 pm. Ends July 9th.

BRITISH COMMODITY MARKET

BASE METALS

COPPER VALUES surged ahead on the London Metal Exchange with three months metal extending the gain over the past six trading days to around £100. Yesterday forward material touched £810 but eased back to close at £804 as initial speculative buying was followed by profit-taking. Lead and Zinc rose in sympathy, with Lead additionally boosted by news of the Asarco producer price rise and finally £336. Currency considerations restricted gains in all three metals. Tin was erratic and closed at £6,900 having touched £6,800, while Aluminium was finally £579 and Nickel £2,967.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrde				
Cash	759.5-60.5	+5.75	756.5-7.5	+11
3 mths	782.5-3	+7.25	779-.80	+11.2
Settlem't	760.5	+6	—	......
Cathodes				
Cash	753.5-2.5	+5	745-7	+7.5
3 months	774-5	+7	769-.71	+9.75
Settlem't	752.5	+5.5	—	......
U.S. Prod.	—	—	*82.74	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £786.50; three months £799, 800, 800.5, 803, 4, 3.5, 3, 3.5, 5, 5.5, 6, 7, 8, 8.5, 9, 8, 7, 8, 8.5, 9, 10. Cathodes: Three months £800, 799. Kerb: Higher Grade: Three months £808, 9, 8.5, 9, 10, 9, 8.5. Afternoon: Higher Grade: Three months £803, 2, 3, 4, 3.5, 4, 5, 4.5, 5, 5.5, 8, 7, 6.5, 7.5. Cathodes: Three months £796. Kerb: Higher Grade: Three months £805, 5.5, 5, 4, 3. Turnover: 20,575 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6990-7000	+540	7010-20	+375
3 months	7100-20	+542	7130-5	+567
Settlem't	7000	+540	—	......
Standard				
Cash	6990-7000	+540	7010-20	+375
3 months	7100-20	+547	7130-5	+567
Settlem't	7000	+540	—	......
Straits E.	$29.15	—	—	......
NewYork	—	......		

Tin—Morning: Standard: Cash £6,960, 50; three months £7,130, 20, 7,080, 70. Kerb: Standard: Three months £7,065, 30, 20, 7,000, 6,950, 70, 60. Afternoon: Standard: Cash £6,980, 70, 7,000, 20, 50, 60, 70, 80, 70, 7,010, 6,980.50. Kerb: Three months £6,940, 20, 6,900, 10, 6,900, 6,890, 70, 50, 30, 40, 50, 6,900. Turnover: 2,260 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	318-9	+7.75	315-7	+4
3 months	329-5	+14	327-5	+4.75
Settlem't	319	+8	—	......
U.S. Spot	—	......	*25-7	......

Lead—Morning: Three months £333, 33.5, 34, 34.5, 35, 36, 38 39, 40, 39, 38.5, 38. Kerb: Three months £337, 36.5, 36, 35. Afternoon: Three months £332, 33, 34, 38, 39, 40, 39.5. Kerb: Three months £338, 37, 36, 35, 36. Turnover: 22,300 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	408.5-9.5	+1.12	410-1	+5
3 months	413-.5	+5	414-5	+5.25
S'ment	409.5	+.75	—	......
Primw'ts	—	......	*401-.5	......

Zinc—Morning: Three months £416, 15.5, 15, 16, 15.5. Kerb: Three months £416. Afternoon: Three months £416, 17, 16.5, 18, 18.5, 20, 22, 20, 19, 19.5, 19. Kerb: Three months £418, 17, 16. Turnover: 9,125 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	557-8	+10.5	560-1	+20
3 months	578-.5	+11.5	580.5-1	+20.2

Aluminium—Morning: Three months £577, 76, 75, 74, 74.5, 74, 76, 77, 78, 77, 77.5. Kerb: Three months £577.5. Afternoon: Three months £578, 77.5, 78, 77, 78, 79, 78.5, 79. Kerb: Three months £578, 77, 76, 77, 78, 79. Turnover: 7,850 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2970-5	—22.5	2965-75	—20
3 months	3005-10	—15	2990-30	—20

Nickel — Morning: Three months £2,980, 70, 65. Kerb: Three months £2,970. Afternoon: Three months £2,970, 65, 70. Kerb: Three months £2,965. Turnover: 438 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 12.85p an ounce higher for spot delivery in the London bullion market yesterday at 310.30p. U.S. cent equivalents of the fixing levels were: spot 536c, up 26c; three-month 557.1c, up 26.2c; six-month 577c, up 27.3c; and 12-month 623.8c, up 30.3c. The metal opened at 312-315p (540-545c) and closed at 321-326p (555-565c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	310.30p	+12.8	322p	+24.2
3 months	319.95p	+12.0	332p	+25.2
6 months	328.55p	+12.5	—	......
12months	351.00p	+14.9	—	......

LME—Turnover: 155 (34) lots of 10,000 ozs. Morning: Three months 321.5, 21.0, 20.5, 20.8, 20.6, 20.7. Kerb: Three months 321.0, 21.4. Afternoon: Three months 32.0, 36.0, 36.5, 38.0, 39.0, 40.0, 39.0, 38.5, 32.0, 32.5, 32.0. Kerb: Three months 332, 31.5, 32.5, 36, 35, 36, 37, 36.

COCOA

Futures opened lower as due but scale down trade support and further commission house short-covering steadied prices. Actuals business was scarce, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	906-09	—9.0	910-84
Sept	941-42	—8.0	945-27
Nov	980-81	—4.0	984-65
January	1018-19	—2.0	1019-02
March	1038-40	—	1037-22
May	1055-53	—3.0	1050-47
July	1072-80	—5.5	1070-62

Sales: 1,919 (3,946) lots of 10 tonnes.

ICCO—Daily price for June 28: 74.78 (72.82). Indicator price for June 29: 72.24 (71.16).

COFFEE

London opened around unchanged and traded firmer, reports Drexel Burnham Lambert. Further fears of frost and hail, linked with trade and speculative buying prompted additional gains.

COFFEE	Yest'day's Close	+ or —	Business Done
July	1262-64	+19.0	1264-46
Sept.	1172-73	+29.0	1175-45
Dec.	1098-99	+21.0	1107-85
March	1070-72	+23.5	1075-59
May	1038-45	+32.5	1045-20
July	1020-30	+27.5	—
Sept	1000-20	+30.0	1005-91

Sales: 3,529 (2,033) lots of 5 tonnes.

ICO Indicator prices for June 28 (U.S. cents per pound): Comp daily 1979 119.83 (same); 15-day average 120.89 (121.11).

GRAINS

Old crop wheat opened 25p higher, with new crops little changed. Commercial buying in new crop wheat could not support the market agansit hedge-selling, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
July	119.40	—2.60	—	—
Sept.	108.60	—0.15	104.65	—0.10
Nov.	112.25	—0.10	108.40	—0.05
Jan.	115.95	—0.10	111.70	—0.20
Mar.	119.20	—0.10	115.00	—0.20
May	122.75	—0.10	118.20	—0.20

Business done—Wheat: July 121.90-119.20, Sept 108.80-108.60, Nov 112.45-112.15, Jan 116.15-115.85, March 119.30-119.20, May no trades. Sales: 214 lots of 100 tonnes. Barley: Sept 104.65-104.60, Nov 108.45-108.35, Jan 111.80-111.70, March 115.15-115.00, May 118.35-118.20. Sales: 117 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 100.60, S. West 102.20, W. Mids. 101.60. The UK Monetary Coefficient forthweek beginning Monday, July 5 (based on HGCA calculations using five days' exchange rates), is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent, Aug 109.25, Sept 109.25, Oct 110.75 transhipment East Coast sellers. English Feed fob, Sept 112.50 East Coast, Jan/March 121 East Coast sellers. Maize: French, July 137 quoted transhipment East Coast sellers. S. African White/Yellow. July/Aug 86.00 seller. Barley: English Feed fob, Aug 106, Sept 107.50, Oct/Dec 112 East Coast sellers. Rest unquoted.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day, and closed dull. Lewis and Peat recorded a July fob price for No. 1 RSS in Kuala Lumpur of 202.5 (203.5) cents a kg and SMR 20 176.0 (176.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Aug	49.50-50.50	50.50-51.30	50.00
Sept	50.50-50.80	51.60-51.50	50.00
Oct-Dec	52.80-53.00	53.10-53.20	53.00-52.80
Jan-Mar	55.20-55.30	55.40-55.50	55.40-55.10
Apl-Jne	57.70-57.80	57.90-58.00	57.70
Jly-Sept	60.40-60.50	60.60-59.70	60.40-59.50
Oct-Dec	63.50-63.20	63.20-63.30	62.80
J'n-Mch	65.30-65.40	65.50-65.70	65.40-65.30
Apl-Jne	67.40-67.90	67.50-68.10	—

Sales: 169 (104) lots of 15 tonnes, 8 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 48.50p (48.00p); Aug 52.00p (52.25p), Sept 52.25p (52.50p).

SOYABEAN MEAL

The market opened 80p easier on weak nearby cash demand, reports T. G. Roddick. Prices remained defensive ahead of the acreage reports.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	126.70-27.0	—0.55	127.80-26.80
October	130.00-30.1	—0.20	130.10-29.50
Dec	134.50-35.0	—0.40	135.00-34.50
Feb	137.80-38.5	—0.60	—
April	138.50-40.0	—1.25	—

SOYABEAN OIL—The market opened unchanged in quiet conditions, reports T. G. Roddick, and prices firmed on trade buying. Closing prices and business done (U.S. $ per tonne): Aug 493.00, 495.00, 493.00; Oct 493.50, 494.50, 494.00-492.50; Dec 496.00, 496.00, 496.00-495.50; Feb 502.00, 503.50, 502.00; April 507.00, 509.00, untraded; June 510.00, 525.00, untraded; Aug 550.00, 530.00, untraded. Sales: 137 (130) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £104.00 (£102.00) a tonne cif June-July-August shipment. White sugar daily price £143.00 (£138.00).

Keen trading buying was apparent developed on an arbitrage basis against Paris where October and November hit the limit advance, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	110.50-10.80	105.05-06.20	111.04-04.50
Oct.	115.45-16.50	108.75-8.8	115.50-08.25
Jan.	123.80-25.00	116.00-17.00	—
March	130.80-31.00	124.25-24.50	131.00-24.00
May	133.50-35.75	127.10-27.25	133.75-29.50
Aug	137.50-38.25	131.00-32.00	—
Oct.	141.00-43.25	134.10-36.00	141.00

Sales: 4,404 (1,996) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne for home trade and £209.50 (£207.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for June 28: Daily price 6.80 (6.78): 15-day average 6.69 (6.70).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 365, 377, nil; Oct 386, 390, 390; Dec 397, 400, 399; Jan 398, 403, nil; March 408, 410, 410; May 419, 423, 421; Aug 432, 437, 434-433; Oct 435, 440, nil; Dec 439, 444, 441. Sales: 9.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 542.0, 542.5, 548.0-542.0; Oct 512.5, 513.0, 515.0-512.0; Dec 515.5, 518.0, 520.0-515.0; March 519.5, 525.0, 525.0-524.0; May 528.0, 530.0, 530.0; July 538.0, 540.0, 540.0, 538.0; Oct 531.0, 533.0, 532.0; Dec 536.0, 538.0, 537.0-536.5. Sales: 135.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 29 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$950/980	+5	$955/985
Copper			
Cash h grade	£783	+26	£770.5
3 mths	£805.25	+26.75	£797.75
Cash Cathode	£772	+26	£762.5
3 mths	£795.5	+25.5	£789.5
Gold troy oz	$311	+7.25	$319.125
Lead Cash	£328.25	+12.25	£307.75
3 mths	£339.625	+12.37	£319.25
Nickel	£3922	......	£3922
Free mkt	250/260c	—2	240/270c
Platin'mtr oz'y	£260	......	£260
Freemkt.	£162.80	+9.5	£159.05
Quicksilver†	$365/375	......	$360/370
Silver troy oz	310.30p	+12.85	341.90p
3 mths	319.95p	+12.95	353.20p
Tin Cash	£6850	—165	£6675
3 mths	£6960	—172.5	£6795
Tungsten22.0lb	$110.92	......	$109.01
Wolfrm 22.4lbs	$115/118	......	$109-113
Zinc Cash	£415.5	+5	£405.5
3 mths	£419.25	+4.75	£411.5
Producers	$800	......	$860/900
Oils			
Coconut (Phil)	$502.5v	......	$497.5
Groundnut	$562.5v	—12.5	$615
Linseed Crude	‡	......	‡
Palm Malayan	$467.5y	......	$512.5
Seeds			
Copra Ph lip	$330	......	$330
Soyabean (U.S.)	$253.5y	......	$263
Grains			
BarleyFut. Sep	£104.65	—0.10	£104.90
Maize	£137.00y	......	£137.00
Wheat Fut.Sep	£108.60	—0.15	£109.05
No.2HardWint	‡	......	‡
Other commodities			
Cocoa ship't*	£972	—8	£941
Future Sept	£941.5	—8	£915.5
Coffee Ft' Sept	£1172.5	+29	£1124.5
Cotton A.Index	76.70c	+0.25	76.55c
Gas Oil July	$281.5	—0.5	$292.5
Rubber (kilo)	48.5p	+0.5	54.5p
Sugar (Raw)	£104uw	+2	£104
Woolt'ps 64s kl.	398p kilo	......	387pkilo

‡ Unquoted. x Aug-Sept. u June-July. v July-Aug. y July. w Aug. † Per 76 lb flask. * Ghana coconut. n Nominal. § Seller.

INDICES

FINANCIAL TIMES

June 28	June 25	M'th ago	Y'ar ago
252.50	231.36	—	842.95

(Base: July 1, 1952 = 100)

REUTERS

June 29	June 28	M'th ago	Y'ar ago
1536.6	1531.2	1530.1	1733.7

(Base: September 18, 1931 = 100)

MOODY'S

June 25	June 24	M'th ago	Y'ar ago
988.4	984.0	1005.4	1075.4

(December 31, 1931 = 100)

DOW JONES

Dow Jones	June 25	June 24	Month ago	Year ago
Spot	121.49	121.22	126.09	—
Futr's	121.11	120.86	128.33	—

(Base: December 31, 1974 = 100)

COTTON

LIVERPOOL—No spot or shipment sales were registered. Interest was negligible and the attitude of spinners was governed partly by the fact that most yarn-producing centres were on holiday and partly by the belief that next season's global crop would be under pressure. Activity was confined to limited weights in American type varieties.

POTATOES

LONDON POTATO FUTURES—The market was initially easier and recovered before easing again towards the close, reports Coley and Harper. Closing prices: Nov 54.60, —0.90 (high 55.00, low 54.00); Feb 61.00, —0.70 (high 61.00, low 60.00); April 67.00, —0.50 (high 67.40, low 66.00); May 75.80, —0.70 (high 76.50, low 74.70); Nov 84.30, —1.20 (85.00 only). Turnover, 292 (449) lots of 40 tonnes.

AMERICAN MARKETS

PRECIOUS METALS and copper recovered on a firmer tone in financial instruments and currencies. Coffee was higher on reports of a return of cold weather into Parana. Technical short-covering and arbitrage buying rallied sugar and cocoa for some sizeable gains. Cotton was higher on a tight supply situation caused by the recent damage to the Texas crop, reported Heinold.

Copper—July 60.15-60.25 (59.40), Aug 61.30 (60.35), Sept 62.05-62.40, Dec 64.65-64.90, Jan 65.55, March 67.30, May 68.70, July 70.25, Sept 71.80, Dec 74.10, Jan 74.85, March 76.40, May 77.95.

*Gold—July 315.4 (310.9), Aug 317.5-318.5 (313.7), Sept 321.9, Oct 325.0-326.0, Dec 333.0-334.0, Feb 341.0-342.0, April 349.0, June 357.0, Aug 365.1, Oct 373.3, Dec 381.6, Feb 390.0, April 398.5.

Potatoes (round whites)—Nov 66.8-67.5 (66.6), Feb 74.0-74.6 (76.0), March 76.5-77.5, April 87.0. Sales: 109.

¶Silver—July 580.0-585.0 (535.6), Aug 589.7 (542.8), Sept 592.0-599.0, Dec 616.0-622.0, Jan 629.3, March 643.9, May 658.5, July 673.1, Sept 687.7, Dec 709.7, Jan 717.0, March 731.6, May 746.2. Handy and Harman bullion spot: 561.00 (510.50).

Sugar—No. 11: July 7.22-7.24 (6.84), Sept 7.58-7.59 (7.15), Oct 7.72-7.73, March 9.03-9.05, May 9.30-9.32, July 9.51, Sept 9.65, Oct 9.71-9.80.

Tin—545.00-560.00 (554.00-560.00).

CHICAGO, June 29.

Lard—Chicago loose 22.50.

Live Hogs—July 59.80-60.00 (60.15), Aug 58.70-58.55 (58.80), Oct 56.25-56.30, Dec 56.35-56.55, Feb 54.50-54.65, April 50.87-50.90, June 51.90, July 51.80, Aug 50.72.

‡‡Maize—July 267½-267¾ (268¾), Sept 257¾ (287¼), Dec 271-271¼, March 286¼-286, May 296, July 303¼.

Pork Bellies—July 75.60-75.30 (75.12), Aug 73.30-73.50 (73.75), Feb 73.30-73.20, March 73.65-73.70, May 73.35, July 73.50-73.30, Aug 72.00.

†Soyabeans—July 618-619 (620), Aug 626-625 (625¾), Sept 628, Nov 634½-635½, Jan 652, March 668½, May 681½, July 692½, Aug 697.

‖Soyabean Meal—July 180.5-180.3 (180.2), Aug 181.0-181.2 (180.7), Sept 181.8-181.9, Oct 182.5-182.7, Dec 187.3, Jan 190.2, March 195.0-196.0, May 200.0-201.0, July 205.0-206.0.

Soyabean Oil — July 18.68-18.70 (18.80), Aug 18.96-18.97 (19.05), Sept 19.20, Oct 19.42-19.40, Dec 19.82-19.81, Jan 20.00, March 20.40, May 20.60-20.65.

†Wheat—July 341-341¼ (341½), Sept 357-357½ (356¾), Dec 378-378½, March 391½-392, May 396¾-398½, July 391½.

WINNIPEG, June 29.

§Barley—July 1245 (1228), Oct 1223 (1215), Dec 1237, March 1268, May 1279.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, June 28.

Coffee—"C" Contract: July 139.40 (139.21), Sept 130.70-130.90 (130.35), Dec 124.30, March 118.80-119.50, May 115.50-115.55, July 113.52-114.75, Sept 110.00-114.00.

Heating Oil—(Cents per U.S. gallon): July 93.25 (92.07), Aug 90.85-91.15 (89.82), Sept 90.60-90.70, Oct 91.00-91.10, Nov 92.00-92.10, Dec 93.00-93.25, Jan 93.10, Feb 93.30, March 93.10, April 92.75, May 92.75.

Orange Juice—July 119.80-119.90 (118.25), Sept 122.00-122.05 (120.65), Nov 123.70, Jan 125.40, March 126.85-127.00, May 128.30-128.50, July 129.75-130.00, Sept 131.30-131.50, Nov 132.65-133.00.

*Platinum—July 274.0-278.0 (263.4), Oct 283.0-287.0 (271.2), Jan 293.0, April 308.0, July 308.0.

CHICAGO, June 28.

Chicago Imm Gold—Sept 317.5-317.2 (314.2), Dec 329.2 (325.8), March 340.8, June 352.8, Sept 365.0.

EUROPEAN MARKETS

ROTTERDAM, June 29.

Wheat—(U.S. $ per tonne): U.S. No. Two Red Winter, July 147. U.S. No. Three Amber Durum, June 173, July 171, Aug 173, Sept 176, Oct 179, Nov 182, Dec 187. U.S. No. Two Northern Spring 14 per cent, June 177, July 174.50, Aug 172, Sept 172.50, Oct 175, Nov 178, Dec 183. Canadian Western Red Spring Wheat, Aug/Sept 195.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow, afloat 122, June 123, July 120.50, Aug 121, Sept 122, Oct/Dec 122, Jan/March 130 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, unloading 244, July 247.50, Aug 250.50, Sept 253, Oct 249, Nov 249, Dec 254.25, Jan 260, Feb 264.25, March 268 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent, afloat 205 traded, afloat 205, June 209, July 213, Aug 216, Sept 218, Oct 220, Nov/March 230 sellers. Brazil Pellets, afloat 215, June 217, July 220, Aug 224, Sept 228, Nov/March 246 sellers.

PARIS, June 29.

Cocoa—(FFr per 100 kilos): July 1040/1080, Sept 1105/1110, Dec 1150/1160, March 1200/1210, May 1240/1254, July 1280/1295, Sept 1320/1335. Sales at call: 4.

Sugar—(FFr per tonne): Aug 1725/1745, Oct 1613/1615, Nov 1605/1615, Dec 1555/1580, March 1655/1657, May 1695/1705, July 1725/1735, Aug 1750/1760. Sales at call: 4.

MEAT/FISH

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle, 100.95p per kg lw (+0.24). GB—Sheep, 164.21p per kg est dcw (+7.67). GB—Pigs, 72.88p per kg lw (−1.40).

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.80-£6.80, codlings £3.80-£5.80; large haddock £3.00-£4.20, medium £3.80-£4.20, small £2.80-£3.40; medium plaice £5.50-£6.50, best small £3.90-£4.90; large skinned dogfish £9.00, medium £5.50; large lemon soles £8.50, medium £8.00; rockfish £2.40-£2.70; reds £2.00-£2.60; saithe £2.30-£2.40.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. English Produce: Potatoes—Per pound new 0.06-0.08. Mushrooms—Per pound, open 0.30-0.50, closed 0.50-0.60. Lettuce—Per 12, round 0.80-1.20, Webb's 1.20-1.80, Cos 1.40-2.00. Onions—Per 55-lb 40/80mm 3.00-4.00. Spring Onions—Per bunch 0.08-0.10. Spring Cabbage—Per 25-lb 1.00-1.40. Carrots—Per 26/28-lb 3.00-3.50, per bunch 0.15-0.16. Rhubarb—Per pound, outdoor 0.06-0.10. Courgettes—Per pound 0.20-0.30. Cucumbers—Per package 1.80-2.40. Tomatoes—Per 12-lb box D/E 2.40-2.60. Cauliflowers—Per 12 Lincoln 3.50-5.00. Celery—Per 12/30 2.00-3.00. Broad Beans—Per pound 0.05-0.08. Marrows—Each 0.15-0.22. Sugar Peas—Per pound 1.00-1.20. Peas—Per pound 0.10-0.15. Turnips—Per 28-lb 2.40. Stick Beans—Per pound 0.70-0.90. Apples—Per pound, Bramley 0.30-0.35. Strawberries—Per 8-oz 0.15-0.30. Raspberries—Per 4-oz pack 0.15-0.25. Gooseberries—Per pound 0.20-0.25. Cherries—Per pound 0.20-0.40. Red Currants—Per 4-oz 0.10-0.20. Blackcurrants—Per 8-oz 0.35-0.40.

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 79.0 to 84.5; Ulster hindquarters 98.7 to 102.3, forequarters 59.5 to 60.0. Veal: Dutch hinds and ends 120.0 to 126.0. Lamb: English small 76.0 to 80.7, medium 73.0 to 78.0; Imported—New Zealand PL 61.0 to 61.0, PM 60.0 to 60.0, PX 48.0 to 48.0, YL 59.0 to 59.0. Pork: English, under 100 lb 36.0 to 54.0, 100-120 lb 42.0 to 53.0, 120-160 lb 40.5 to 50.0.

PETROCHEMICALS

NW Europe spot prices ($/tonne)

Product	Latest (1)	Change* + / —
naphtha	300-305	—50
benzene	455-460	+5-10
toluene (T2)	400	—5
xylene	430-435	+5
paraxylene	600-605	—15
orthoxylene	535-540	+5
styrene	660-665	—10
methanol	200-205	+10-15
phenol	640-660	nc
ammonia	185-195	nc

(1) Based on DM/$ exchange rate: 2.4878. * Based on DM/$ exchange rate: 2.313. † Prices are obtained from discussion with European traders, suppliers and consumers, effective June 29. Change +/− refers to $ change over past two weeks.

WORLD STOCK MARKETS

Wall St mixed at mid-session

AFTER MONDAY'S good rally on Wall Street, an attempt to recover further ground yesterday morning petered out, leaving stocks with a mixed appearance at mid-session.

The Dow Jones Industrial Average, which picked up 8.85 the previous day, was only 1.14 higher at 813.07 at 1 pm yesterday, while the NYSE All Common Index was down one cent at $63.28. Declines led rises by a few issues after a fair trade of 33.21m shares, against Monday's 1 pm figures of 25.92m.

Analysts said some profit-taking appeared to be inhibiting the market's progress.

Diamond Shamrock rose 3¼ to $21½ on volume of over 345,000 shares. The company was mentioned in a published report as a possible take-over candidate.

Holly sugar was off 1⅞ to $48⅞ after trading as low as $47. The company said a class action lawsuit was filed against it, seeking to keep it from going private.

Conagra picked up 1½ to $22⅝ and Peavey ⅜ to $27⅞. The companies have agreed not to complete their merger until July 13 to give the FTC more time to review the deal.

Freeport-McMoran gained 1¼ to $16⅞, Baldwin-United 1¼ to $54¼, Sullair 1½ to $8, Loran $1 to $35 and Sonat 1½ to $25⅞.

THE AMERICAN SE Market Value Index declined 2.58 to 250.68 at 1 pm. Volume 2.18m shares (1.74m).

Canada

Most shares retreated in fairly active early dealings yesterday. The Toronto Composite Index dipped 35.1 to 1,376.1 at noon.

The Gold Index was the sole gainer among the 14 major indices, posting a 21.1 rise to 1,562.4. The Real Estate and Construction index was off 195.7 to 2,958.5, while Oil and Gas fell 92.8 to 2,408.1, Metals 20.3 to 1,216.5, and Utility issues 65.0 to 1,316.3.

The falling market follows Monday's Canadian Budget address, which left little hope of improvement in the business environment, analysts said. Declines outpaced advances by 299 to 56. Among actives, Bell Canada lost C$1 to C$17⅞. James Cripps, utilities analyst with Pemberton Securities, said it appeared from the Budget speech that rate increases for Utilities which are regulated by the Federal Government, could be limited.

Tokyo

With Hitachi shares coming under renewed pressure later in the day, the Tokyo market, after a modestly firmer start in the wake of the overnight Wall Street recovery, mainly declined with Blue Chips to the fore. The yen's continuing weakness in the Tokyo currency market also dragged stock prices down.

The Nikkei-Dow Jones Average was finally 23.49 down at 7,180.70 and the Tokyo SE index 1.66 weaker at 536.89. Trading was rather quiet, although volume, at 220m shares, showed some improvement on Monday's 190m.

Traders said pressure on Hitachi grew in the afternoon and sent many others down. The pressure sprang from talk that began circulating in mid-morning that U.S. authorities are investigating three other cases of industrial espionage following the recently announced case that involves Hitachi and Mitsubishi Electric.

Dealers reported a stream of fresh selling orders for Hitachi yesterday, estimated by some to amount to nearly 1m shares. Having fallen Y22 more on Monday, Hitachi further retreated to below the Y600 level before recovering a little to Y603, down a further Y12 on the day.

Mitsubishi Electric ended Y5 lower at Y233, while other Computer Manufacturers fell afresh. Toshiba dipped Y8 to Y305, Nippon Electric Y23 to Y755 and Fujitsu Y8 to Y720.

Among other export-orientated issues, Sony receded Y50 to Y3,390, Fuji Photo Y20 to Y1,420, Toyota Motor Y5 to Y910, Sharp Y12 to Y738, TDK Electronic Y80 to Y4,000 and Olympus Y9 to Y913.

Pharmaceutical stocks suffered losses on worries that the companies, locked in heated competition in the development of Interferon and other new generation drugs, might possibly be involved in any new U.S. industrial espionage cases.

Germany

An easier dollar, the overnight Wall Street rally and news of a West German trade surplus of DM 4.99bn for May encouraged both domestic and foreign buying, propelling most Bourse prices to higher ground. The Commerzbank index gained 5.1 at 682.8.

Export-orientated Engineering proved major gainers from the trade figures, with GHH climbing DM 2.50, Deutsche Babcock DM 2.00 and KHD DM 1.80.

In Steels, Hoesch gained DM 1.40 to a 1982 high of DM 29.60 following news of a new corporate investment plan with Krupp Stahl, up DM 1.50.

Chemicals were noteworthy for rises of DM 2.50 and DM 2 respectively in BASF and Bayer.

Sentiment on West German Bond markets also improved on the trade data, as well as hopes that the approaching half-year redemption day will free liquidity for revived market activity. Public Authority issues posted gains extending to 35 pfennigs.

Paris

French and foreign share prices mainly gained ground in brisk trading in what traders said was essentially a technical recovery after the declines of the past two weeks.

Helping stocks to rise was some buying by certain Mutual Funds whose portfolios must be composed 60 per cent of French stocks at the end of each quarter, and also the rebound on Wall Street overnight.

In Constructions, Bouygues rose FFr 40 to Fr 620 after the Paris Commerce Tribunal ruled the company's takeover of Group Drouot invalid and ordered the takeover operation to be reversed.

Australia

Markets took on a somewhat brighter tone yesterday, helped by the overnight Wall Street rise, a rally in the New York Gold Bullion price and some improvement in base-metal prices on the London Metals Exchange.

A number of Resources issues performed well, although the day's best levels were not held.

The Australian All Ordinaries index picked up 5.4 to 470.8, Metals and Minerals 11.1 to 335.3 and Oil and Gas 6.2 to 432.2.

BHP rose 6 cents to A$7.10, CSR 13 cents to A$2.75, CRA 10 cents to A$2.85, MIM 14 cents to A$2.82 and North Broken Hill 12 cents to A$1.85. Western Mining ended 6 cents up at A$3.16, after touching A$3.22.

Among Gold Mining stocks, Peko-Wallsend added 10 cents at A$3.85 and Poseidon 8 cents at A$1.40.

In the Oil and Gas sector, Santos improved 8 cents to A$4.98 and Bridge Oil 15 cents to A$3.35.

The battle for Retailer Grace Bros returned to centre stage with Woolworths announcing a share-exchange offer. Woolworths dipped 9 cents to A$1.53 but Grace added 5 cents at A$3.55.

Other Retailers firmed, with Myer rising 7 cents to A$1.45 and G. J. Coles 2 cents to A$2.12.

Hong Kong

The market managed just a slightly firmer opening in response to the overnight Wall Street advance. Prices then moved narrowly in extremely thin trading before ending little changed on the day.

Brokers described the session as boring, and predicted that the market would continue to move in a narrow range in the near term. The prime determinant of its direction, they added, will remain interest rates.

Closing prices for North America were not available for this edition.

Rail strike's suspensions give much-needed fillip without generating noticeable expansion in trade

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 21	July 1	July 2	July 12
July 5	July 15	July 16	July 26
July 19	July 29	July 30	Aug 9

* "New time" dealing may take place from 9 am two business days earlier.

The overnight announcement of the suspension of the national rail strike gave London stock markets a much-needed fillip yesterday without generating any noticeable expansion in trade. The recent extremely low volume of business has been a major cause for concern in all main investment sectors. Yesterday's announcement shortly after midday that the London underground strike had also been called off reinforced the better market tone.

Leading shares were quickly off the mark, showing rises to several pence at the opening. Institutional inquiry revived, as did interest from smaller investors, and dealers became hopeful that increased business would ensue. The hopes proved to be misplaced, however, and values began to drift away from the day's best until the London underground decision led to a resumption of the firmer trend.

The prospect of further disruption on the railways next week on British Rail's intention to introduce flexible rostering for ASLEF drivers made little impression on sentiment. The late tone was also helped by early firmness on Wall Street yesterday, despite the U.S. Federal Reserve Board's move to tighten its monetary policy; leading shares in London were consolidating their gains after the official, 3.30 pm, close.

Electricals became fashionable again with GEC rising 20 to a peak 965p ahead of tomorrow's preliminary statement. Plessey and Racal Electronics also recorded double-figure gains. Measuring the trend of the leaders, a 10 am gain of 8.3 in the FT Industrial Ordinary share index was reduced to 5.8 an hour later before a close of 7.8 up on the day at 552.0. The only significant fall in the index constituents was a loss of 8 to 290p in British Petroleum on the reduction of the group's stake in Prudhoe Bay output.

Gilt-edged securities also made a positive response to the rail news. Business began with quite a flurry and when it began to fade the appearance of sizeable buyers supported the tone. The longs were particularly impressive and closed only fractionally below the day's best with gains extending to ¾. Short-dated stocks were seldom more than ¼ better, apart from Exchequer 11¾ per cent 1986, which rose ⅜ to 95¼. In sympathy with the main funds, the latest "bulldog" issue, New Zealand 14½ per cent 1987, recovered ⅜ 24¾, in £25-paid form.

Clearing banks better

Overall business in the major clearing banks remained thin, but most staged a useful rally on the appearance of small buyers. Barclays, 378p, and Lloyds, 380p, both gained 8, while NatWest rose 10 to 420p.

Composite Insurances made steady progress, Sun Alliance closing 10 better at 744p and Eagle Star 4 up at 327p.

Leading Buildings, in the doldrums recently, took a distinct turn for the better on the reappearance of buyers. Blue Circle firmed 7 to 442p and RMC 3 to 241p, while Redland hardened 4 to 174p. Tarmac also added 4, to 280p, while Barratt Developments, a weak market recently on adverse Press comment and the less optimistic outlook for interest rates, rallied 9 to 267p. BPB put on 12 to 426p awaiting today's preliminary results. Elsewhere, P. C. Henderson met support and gained 7 to 175p, but Marshalls (Halifax) shed 5 to 105p on second thoughts about the annual results. After the previous day's fall of 5 on the denial of bid intentions by Espley-Tyas, William Leech attracted fresh speculative buying and picked-up 4 to 52p. Cakebread Robey A lost 1½ to 37½p; discussions are in progress which may lead to the acquisition of Ridleys Coal and Iron, a private company based in East Anglia. Wiggins shed 4 to 88p on disappointment with the annual results.

A warning by the company that it may be forced to shut its entire petrochemicals complex at Wilton made no apparent impact on ICI which closed 2 dearer on balance at 310p, after 312p.

Marked higher at the outset, leading Stores failed to attract follow-through support although most retained small gains. Gussies A closed 5 better at 485p, while Boots put on 4 to 208p. Movements of note in secondary counters were few and far between. Polly Peck encountered sporadic profit-taking in the wake of last week's interim statement and eased a few pence to 342p, while jewellers H. Samuel gave up a couple of pence to 94p.

GEC advance

Leading Electricals took on a distinctly better appearance with GEC advancing 20p to a high of 965p ahead of tomorrow's preliminary results. Racal, 450p, and Plessey, 470p, rose 5 apiece, while Ferranti closed 18 up at 743p. Secondary issues also recorded some useful gains, Cable and Wireless rising to 10 293p and Unitech a like amount to 265p. Electrocomponents advanced 7 to 172p on the increased dividend and profits. Rises of 8 were marked against United Scientific, 365p, Eurotherm, 388p, and Bowthorpe, 265p.

Leading Engineers held around higher opening levels. Hawker closed 6 up at 326p and GKN rose 5 to 146p, while Vickers edged up 3 to 133p. Occasional movements elsewhere included NEI, 3 higher at 92p, on revived demand and Matthew Hall 4 to the good at 189p. Edbro, in contrast, lost 5 to 97p, while Renold eased 2 to 37p and Christy Bros a similar amount to 27p. Tecalemit eased a shade to 26p following the preliminary figures.

Revived support was forthcoming for selected Food Retailers, Associated Dairies rising 4 to 128p and J. Sainsbury 10 to 625p, the latter in front of today's annual meeting. Tesco improved 2 to 63p, while Bishop's Group put on 5 to a 1982 peak of 128p. Hillards, a thin market, gained 8 to 158p. Elsewhere, British Sugar rose 10 to 475p; S. and W. Berisford will be free to renew its bid for the company from Friday. Glass Glover touched a 1982 peak of 164p before closing a net 7 up at 161p following the increased interim profits and dividend.

Johnson Group jump

Johnson Group featured with a jump to 285p before steadily falling back to close 45 up on the day at 263p, following the bid from Sunlight; the latter reacted 6 to 91p. Wm. Press, up 4 at 55p, reflected the announcement that Fairclough had acquired a 14.58 per cent equity shareholding in the company. Revived speculative demand lifted Inter-City 6 to 49p, while WGI closed a like amount dearer at 112p on the property sale plan. J. Bibby rose 15 to 260p, but De La Rue continued a poor market and eased 5 further to 465p. Comment on the preliminary figures left Noreros 1½ higher at 106½p, while Kennedy Smale improved 4 more to 156p on the merger talks with Charles Hill. Dealings in Grimshawe Holdings were temporarily suspended at 17 at the company's request pending an announcement. Among leading miscellaneous industrials, Glaxo rose 7 to 700p and Beecham 6 to 262p, while Bowater edged up 3 to 200p.

Trident TV, a rising market recently, dipped to 68p on disappointment with the interim results before picking up to close just 2 cheaper on balance at 71p. After Monday's speculative jump of 25, Pleasurama softened a couple of pence to 228p. Travel concerns staged a modest rally after recent dullness on reports of falling holiday bookings; Horizon hardened a couple of pence to 187p and Saga 4 to 130p.

BL main dealers Henlys, which lost 8 on Monday following acutely disappointing first-half results, attracted scattered cheap buyers and rallied 3 to 83p. Other Motor Distributors held close to the overnight levels in a subdued trade. Elsewhere, York Trailer held at 15p following the expected announcement of the passing of the Preference dividend.

Churchbury Estates closed 10 down at 555p, after 550p, following the annual results and asset revaluation. Among other Properties, Trust Securities softened a penny to 76p with the Deferred 2 cheaper at 73p after Press comment on the proposed Stockley Park project in Hillingdon. Occasional offerings clipped 5 from United Real, 380p, and Chesterfield, 305p, while Haslemere Estates and Stock Conversion lost a couple of pence apiece to 346p and 295p respectively. Thames Investments reacted 3 to 96p with the 12 per cent Convertible the same amount down at 92p. By contrast, Greycoat Estates attracted support and put on 4 to 126p, while McInerney, a thin market, added 2 to 26p.

BP on offer

British Petroleum, down 8 at 290p, were unsettled by the news that Sohio's Prudoe Bay oil field stake will be reduced by just over 2½ per cent cent following redetermination of participating interests; Sohio is 53 per cent owned by BP. Sentiment in other Oil shares was not helped by the announcement, while a reduction in the spot Rotterdam crude oil price also dampened enthusiasm. Losses, however, were usually modest, Shell reacting 4 to 392p and Ultramar 3 to 385p.

Shippings again featured Reardon Smith A, which gave up 7 for a two-day fall of 12 to 63p; the annual results are expected during August.

Major Textiles closed a shade firmer for choice. Courtaulds stood out with a gain of 3 to 78p, while similar rises were recorded in Nottingham Manufacturing, 174p, and Dawson International, 127p. In contrast, Hicking Pentecost continued to react to disappointing trading news last week and eased 3 for a two-day drop of 7 to 63p.

Proceedings in Tobaccos were dominated by Bats which declined 11 to 430p following litigation after the Federal Trade Commission's objection to the group's U.S. Barclay brand. Imps attracted renewed institutional support awaiting the interim results, expected shortly, and closed 4 to the good at 105p.

Higher precious metal prices prompted a firmer tone among South African Industrials. OK Bazaars were outstanding for a gain of 35 to 625p, while Abercom rose 6 to 103p and Barlow Rand hardened 3 to 293p.

RTZ advance

Another strong performance by copper prices on the London Metal Exchange, where the three months quotation has now risen around £100 over the past six trading days, prompted heavy and widespread buying of Rio Tinto-Zinc, which advanced 13 more to 368p, after 373p.

Other UK issues made more sedate progress with Gold Fields finally 5 firmer at 332p, reflecting the late strength of the bullion price which fluctuated between $307 and $314 prior to closing a net $7.25 higher at $311 an ounce.

South African Golds remained a nervous market, however. Initially a shade firmer on the opening gold price which encouraged light support from Johannesburg, the sharemarket turned easier around mid-day before edging higher in the after-hours' trade.

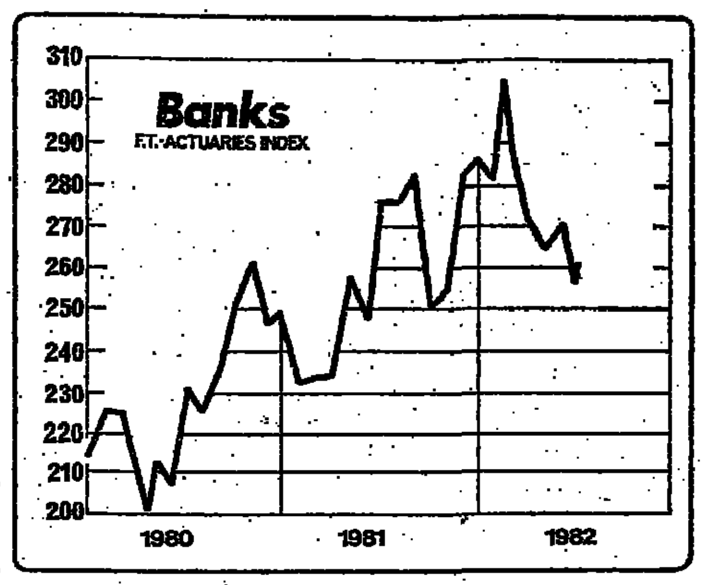
Closing quotations were marginally up on the day and the Gold Mines index responded with a gain of 0.9, extending the rise over the past five trading days to 17.1 at 198.3.

Heavyweights were rarely more than ½ firmer and in some cases showed minor losses on the day although the medium- and lower-priced issues provided features in East Rand Proprietary and Welkom, up 12 apiece at the common price of 289p, and Venterspost, 13 firmer at 232p.

The leading South African Financials made good progress, notably Johnnies, £1¼ stronger at £22¼ and Gold Fields of South Africa, a point higher at £20⅝. De Beers added more to 191p.

Australians got off to a bright start but slipped back throughout the day owing to lack of interest. MIM Holdings were a feature and rose 8 to 165p, boosted by the strength of copper.

Strong demand for Imperial Group positions boosted interest in Traded Options in which 1,794 deals were done, the highest total for over three weeks. Imperial, due to reveal interim figures in the near future, attracted 644 calls, with 451 struck in the August 100's. A useful call business also developed in Lonrho, with 222 trades, and RTZ, with 106. Puts totalled 474, with most of the attention directed towards oil issues; British Petroleum and Shell Transport recorded 122 and 116 puts respectively.



FINANCIAL TIMES STOCK INDICES

	June 29	June 28	June 25	June 24	June 23	June 22	A year ago
Government Secs.	68.94	68.60	68.64	69.07	68.75	68.99	66.04
Fixed Interest	69.49	69.31	69.35	69.58	69.50	69.62	67.77
Industrial Ord.	552.0	544.2	549.1	554.2	555.9	555.8	544.8
Gold Mines	198.3	197.4	191.1	190.4	182.7	181.2	266.7
Ord. Div. Yield	5.60	5.68	5.65	5.60	5.59	5.62	5.85
Earnings, Yld.% (full)	11.67	11.83	11.76	11.66	11.65	11.71	11.67
P/E Ratio (net) (*)	10.41	10.28	10.33	10.42	10.44	10.38	10.69
Total bargains	12,323	12,306	12,525	13,001	13,568	14,125	18,839
Equity turnover £m.	—	69.28	81.351	110.21	113.92	130.08	115.45
Equity bargains	—	8,610	8,960	10,288	10,378	11,525	17,652

10 am 552.5. 11 am 550.0. Noon 550.8. 1 pm 552.4.
2 pm 552.4. 3 pm 552.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.66.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.40 (7/6)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.57 (14/6)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	181.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	June 28	June 25
—Daily		
Gilt Edged Bargains	131.6	134.5
Equities Bargains	65.8	58.0
Value	140.0	164.4
5-day Avrge.		
Gilt-Edged Bargains	137.8	139.8
Equities Bargains	64.5	67.5
Value	204.1	217.2

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues June 29 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon June 28 Index No.	Fri June 25 Index No.	Thur June 24 Index No.	Wed June 23 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (209)	386.05	+1.5	9.49	4.28	13.11	380.47	382.56	385.77	385.30	353.98
2 Building Materials (23)	322.73	+1.3	12.27	5.61	10.16	318.57	321.34	326.13	324.81	304.02
3 Contracting, Construction (28)	575.78	+1.8	15.24	5.36	7.74	569.83	577.83	584.55	582.14	558.85
4 Electricals (31)	1483.84	+2.0	6.70	2.85	18.93	1455.36	1460.37	1469.83	1456.94	1148.08
5 Engineering Contractors (11)	477.39	+1.4	13.46	6.34	8.98	470.78	474.23	476.95	475.98	491.18
6 Mechanical Engineering (67)	196.20	+1.0	11.73	6.00	10.32	194.37	195.21	197.22	197.55	215.41
8 Metals and Metal Forming (11)	149.51	+2.2	12.28	8.09	10.13	146.33	147.46	149.17	149.72	154.09
9 Motors (20)	86.73	+0.6	1.93	8.05	—	86.25	87.23	88.18	88.70	103.86
10 Other Industrial Materials (18)	351.45	+0.5	10.39	6.07	11.82	349.55	350.70	351.28	351.07	380.47
21 CONSUMER GROUP (201)	301.77	+1.2	13.18	5.80	9.25	298.29	300.27	302.12	302.48	284.00
22 Brewers and Distillers (22)	318.67	+1.1	14.60	6.40	8.36	315.09	316.28	318.23	319.97	323.50
25 Food Manufacturing (22)	260.18	+1.5	17.92	7.23	6.50	256.45	257.85	258.63	257.96	263.05
26 Food Retailing (14)	610.96	+1.8	9.18	3.66	13.22	600.27	605.05	605.56	607.80	535.83
27 Health and Household Products (8)	455.56	+1.7	7.62	3.74	15.49	448.06	449.60	453.11	451.80	338.26
29 Leisure (23)	409.31	+0.3	10.77	5.66	11.67	408.21	408.85	414.22	416.39	437.78
32 Newspapers, Publishing (13)	505.88	−0.5	13.47	6.17	9.34	508.55	511.50	518.98	514.42	507.42
33 Packaging and Paper (14)	140.37	+1.0	16.62	7.80	6.99	138.96	141.34	140.37	141.03	148.31
34 Stores (45)	272.00	+1.4	10.66	5.12	12.43	268.12	271.08	273.75	275.50	258.61
35 Textiles (23)	163.68	+1.6	14.02	6.57	8.70	161.05	162.55	162.91	162.67	162.14
36 Tobaccos (3)	333.30	−0.4	21.90	8.25	5.15	334.64	336.51	338.80	333.85	266.32
39 Other Consumer (14)	266.29	+0.1	6.18	5.84	31.18	266.03	265.25	267.64	265.97	304.08
41 OTHER GROUPS (77)	250.32	+0.9	13.73	6.65	8.81	248.16	249.22	250.94	251.92	228.69
42 Chemicals (16)	332.54	+0.7	13.85	7.06	8.67	330.17	330.85	333.94	334.81	282.40
44 Office Equipment (4)	102.30	+1.4	15.90	8.53	7.72	100.94	102.19	103.28	103.25	117.48
45 Shipping and Transport (13)	547.74	+0.5	19.60	7.51	6.19	544.81	549.63	552.72	552.40	544.67
46 Miscellaneous (44)	324.94	+1.1	11.64	5.79	10.44	321.56	322.91	324.27	326.55	300.12
49 INDUSTRIAL GROUP (487)	323.31	+1.2	11.82	5.33	10.33	319.35	321.23	323.50	323.71	300.14
51 Oils (13)	689.81	−1.8	22.90	8.43	4.95	702.48	704.38	706.94	703.30	711.72
59 500 SHARE INDEX	353.21	+0.8	13.53	5.81	8.84	350.56	352.45	354.75	354.66	333.58
61 FINANCIAL GROUP (117)	240.35	+0.9	—	7.05	—	238.23	240.03	240.99	241.03	267.63
62 Banks (6)	261.62	+2.0	39.78	8.70	2.75	256.48	260.26	263.03	263.24	276.45
63 Discount Houses (9)	222.21	+0.3	—	10.26	—	221.43	221.43	222.98	222.32	280.46
65 Insurance (Life) (9)	262.08	+0.5	—	6.98	—	260.80	263.55	264.22	263.55	258.80
66 Insurance (Composite) (10)	150.60	+1.3	—	9.40	—	148.69	148.59	148.81	148.26	174.17
67 Insurance Brokers (7)	490.41	+0.9	11.49	5.29	11.91	486.16	489.80	492.44	493.28	398.63
68 Merchant Banks (12)	135.52	+0.1	—	6.49	—	135.34	135.73	136.16	136.05	177.36
69 Property (49)	402.13	—	5.58	4.00	23.99	402.13	405.41	406.28	407.93	409.35
70 Other Financial (15)	164.73	+0.4	18.59	6.95	6.22	164.08	164.57	163.91	163.86	177.58
71 Investment Trusts (111)	286.24	+0.4	—	5.72	—	285.05	286.25	288.64	289.46	317.03
81 Mining Finance (4)	180.00	+2.5	17.60	7.89	7.12	175.59	175.84	178.19	175.65	245.58
91 Overseas Traders (18)	336.89	+0.6	15.21	9.50	8.08	334.76	336.86	334.14	334.70	453.92
99 ALL-SHARE INDEX (750)	322.30	+0.8	—	6.10	—	319.78	321.53	323.55	323.47	328.57

FIXED INTEREST

PRICE INDICES	Tues June 29	Day's change %	Mon June 28	xd adj. today	xd adj. 1982 to date
British Government					
1 5 years	112.04	+0.19	111.83	—	5.98
2 5-15 years	111.03	+0.69	110.27	—	6.91
3 Over 15 years	113.82	+0.72	113.01	—	7.64
4 Irredeemables	117.04	+0.47	116.50	—	7.27
5 All Stocks	111.94	+0.54	111.34	—	6.80
6 Debentures & Loans	88.17	−0.11	88.26	—	5.56
7 Preference	65.70	—	65.70	—	3.42

AVERAGE GROSS REDEMPTION YIELDS	Tues June 29	Mon June 28	Year ago (approx.)
British Government			
1 Low Coupons 5 years	11.17	11.26	12.38
2 15 years	12.68	12.77	12.87
3 25 years	12.94	13.02	13.05
4 Medium Coupons 5 years	13.81	13.93	14.08
5 15 years	13.84	13.95	14.74
6 25 years	13.27	13.38	14.32
7 High Coupons 5 years	13.83	13.92	14.17
8 15 years	14.00	14.14	14.92
9 25 years	13.42	13.58	14.56
10 Irredeemables†	12.56	12.62	12.35
11 Debs & Loans 5 years	14.79	14.79	15.25
12 15 years	14.69	14.67	15.31
13 25 years	14.62	14.59	15.31
14 Preference†	15.09	15.09	15.65

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (20)

BRITISH FUNDS (4)
Treas. 3pc 1985 — Treas. 3pc 1987
Treas. 3pc 1986 — Treas. 5pc '86-89
LOANS (1)
Met. Water 3pc B
AMERICANS (2)
Brunswick Corp. — Shell Oil
ELECTRICALS (3)
Cable & Wireless — Racal Elect.
GEC
ENGINEERING (1)
Westland
FOODS (2)
Bishops Gp. A N-V — Glass Glover
INDUSTRIALS (5)
Baxter Travenol — Kennedy Smale
Burndene — United Gas Inds.
Johnson Cleaners
PAPERS (1)
Bemrose
TOBACCOS (1)
Imperial Group

NEW LOWS (61)

AMERICANS (3)
Bethlehem Steel — Norton Simon
City Inv.
CANADIANS (2)
Brascan — Hudson's Bay
BANKS (1)
Hill Samuel
BUILDINGS (5)
Conder Intl. — Lafarge Corp.
Finlan (J.) — Raine Inds.
Ibstock Johnsen
STORES (5)
Bakers Stores — Lowland Drapery
Forminster — Samuel (H.)
Kean & Scott
ELECTRICALS (2)
Emess Lighting — United Electronic
ENGINEERING (4)
Brooke Tool — Renold
RHP — Tecalemit
FOODS (1)
Cliffords Dairies
INDUSTRIALS (7)
De La Rue — Sangers
Granada A. — Sunlight Services
Morgan Crucible — Trident Computer
Radiant Metal
LEISURE (1)
GRA Group
MOTORS (2)
Bluemel Bros. — Woodhead (J.)
PROPERTY (16)
Amalg'd Props. — McKay Secs.
Apex Props. — Mountleigh
Chesterfield — Pennine Comm.
Churchbury Ests. — Standard Secs.
Crest Int. Secs. — Thames Inv. & Sec.
Kent (M. P.) — Do. 12pc Cnv. Pf.
Lond. Provl. Shop — United Real Prop.
Marlborough — Warnford Inv.
SHIPPING (1)
Reardon Smith A
TEXTILES (1)
Hicking Pentecost
TRUSTS (6)
F. & C. Eurotrust — North Atlantic Secs.
Murray North. B — Scot. & Merc. A
N. Throg. N. Wts. — Stewart Ent. Inv.
OILS (1)
Falmouth Pet.
RUBBERS (1)
Malakoff
TEAS (1)
McLeod Russel
MINES (1)
Zambia Copper

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 28	July 9	Sept 30	Oct 11
July 12	July 23	Oct 14	Oct 25
July 26	Aug 6	Oct 28	Nov 8

For rate indications see end of Share Information Service

Demand for Options remained at an exceptionally low level. Calls were arranged in Trafalgar House, Celtic Haven, Lonrho, UDS, GKN, Racal, Turner and Newall and European Ferries. No puts or doubles were reported.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. or amount	Times Covered	Gross Yield	P/E Ratio
¶¶	—	30/7	13	11	Argyll Foods Warr'ts.	11	......	—	—	—	—
¶¶	F.P.	—	47	47	Argyle Trust	47	......	—	—	—	—
¶250	F.P.	23/6	280	260	Assoc. Heat Services	263	......	b9.0	2.1	4.9	15.3
46	F.P.	30/7	55	50	Bairstow Eves 5p	50	......	b1.61	2.5	4.6	12.2
§90	F.P.	25/6	101	92	✻Black (Michael) 20p	92	......	u3.0	2.4	4.7	12.7
15	F.P.	15/4	32	19	Cambrian & Gen. 7½p	30	......	—	—	—	—
§260	F.P.	4/6	435	293	✻Cont. Microwave	420	......	b5.25	3.9	1.8	15.6
§58	F.P.	30/7	59	52	✻Dencora	52	−1	—	—	—	—
§30	F.P.	28/5	163	140	✻Druck Hldgs.	163	......	b2.3	2.5	2.0	28.3
§97½p	F.P.	26/6	98	84	Electro-Prot. US$0.50	91	+1	uQ1.5c	8.9	0.9	12.3
—	—	—	77	10	ΔGroup Inv Option	12	......	—	—	—	—
§137	F.P.	30/7	185	150	✻McCarthy & Stone	185	......	b5.75	2.7	4.5	10.9
§105	F.P.	2/7	121	110	✻Miles 33 10p	112	......	ud2.8	4.3	2.6	9.7
600	F.P.	2/7	630	595	Oriflame SA (US$1.50)	610	......	bQ60c	2.2	4.6	9.8
§160	F.P.	—	155	150	✻Oilfields Insp. Srvc.	155	......	u2.1	3.7	2.0	17.4
77	F.P.	14/7	97	88	✻Radio City 'A' NV	88	......	b5.6	1.5	9.1	10.3
140	F.P.	29/6	186	160	✻Ruddle (G.) 10p	186	......	b3.3	2.6	2.5	22.0
¶¶	F.P.	—	90	40	Zambia Cons Cpr 10K	50	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price	+ or −
‖100	Nil	9/7	7pm	12pm	Benlox 8% Conv. Cum. Rd. Pf.	12pm	......
¶100	£10	26/8	11¼	10½	Bournemouth Water 9% Red. Prf. '87 89	11¼	......
§99.595	F.P.	14/7	100½	96½	Cred. Foncier de France 14¾% Ln. 2007	97½	......
¶100	F.P.	1/7	102¼	100¾	East Anglia Water 9% Red. Prf. 1987	101¾	......
¶¶	F.P.	—	146½	131	First Nat. 12½pc Conv. Uns. Ln. 1987	131	......
101	F.P.	30/7	109	107	✻Lon&Cont11½%Conv.Sub.Uns.Ln.'95-02	108	......
‖100	F.P.	9/7	101	92½	Marlborough Props. 10% Cnv. Ln. '98-2002	92½	......
98.55	£25	8/10	26	23¾	Midland Bk. 14% Sub. Uns. Ln. 2002-07.	24½	+½
¶100	F.P.	26/8	101¾	91	Mid-Southern Wtr. 9% Pref. 1987	101¾	......
§100	F.P.	—	100⅞	100⅛	Nationwide Bdg. Soc. 14¾% (25/4/83)	100¼	......
‖100	F.P.	—	100	99⅞	Do. 13⅞% (23/5/83)	100	......
100	F.P.	—	100⅛	100⅛	Do. 13½% (3/6/83)	100⅛	......
100	F.P.	—	99⅞	99⅞	Do. 14% (4/7/83)	99⅞	+1
99.345	£25	—	24¾	24¼	New Zealand 14½% 1987	24¾	+⅝
¶100	F.P.	—	47	38	RIT & Northern 4pc Net Cum. Prf. £1	41	......
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	......
¶100	F.P.	29/7	101¾	90½	Wrexham Water 9% Red. Prf. '87-89	101¾	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4	28/5	13¾	10	Ansbacher (H.) 5p	10¼	......
166	Nil	9/7	6/8	22pm	18pm	Applied Computer Tech.	18pm	......
170	F.P.	13/5	24/8	190	180	Bank Leumi (UK) £1	185	......
135	F.P.	28/5	9/7	180	157	Carless Capel 10p	157	−2
174	F.P.	18/6	30/7	233	218	Grand Met 50p	226	+4
Kr.150	Nil	—	—	£5½pm	£3pm	Great Northern Tel (£10)	£3½pm	......
50	F.P.	24/6	13/8	58	52	Press (Wm.) 10p	53	+1
325	F.P.	17/6	30/7	445	380	Saatchi & Saatchi 10p	390	+5
215	Nil	5/7	13/8	40pm	28pm	Sketchley	33pm	+5
10	F.P.	24/3	23/4	12½	9½	Sturla 10p	9½	......
25	F.P.	10/5	10/6	25	24	Young (H.)	25	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *r* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Associated Dairies	128	+4	Glass Glover	161	+7
Barratt Devs.	267	+9	Grand Met.	225	+4
British Aerospace	226	+4	Inter-City	49	+6
BP	290	−8	Johnson Group	263	+45
Churchbury Estates	555	−10	RTZ	368	+13
Electrocomponents	172	+7	W.G.I.	112	+6

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
GEC	11	945	—	Glaxo	8	693	—
GUS "A"	10	480	−5	Plessey	8	460	−5
BAT Inds.	9	441	−4	RTZ	8	355	+2
Imperial Group	9	101	+0½	Unilever	8	570	—
Midland Bank	9	318	−8	Bowater	7	197	−6
Cable Wireless	8	283	+1	De Beers Dfd.	7	188	+5
De La Rue	8	470	−10	Shell Trans.	7	396	−2

RISES AND FALLS YESTERDAY

	Rises	Falls	Same		Rises	Falls	Same
British Funds	82	—	9	Oils	17	24	68
Corpns. Dom. & Foreign Bonds	19	2	56	Plantations	—	3	20
Industrials	258	133	952	Mines	53	23	83
Financial & Props.	110	75	325	Others	43	43	68
				Totals	582	303	1,581

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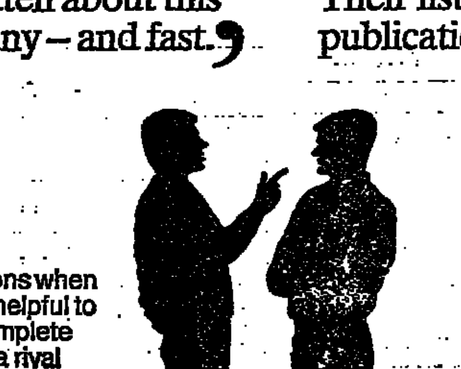

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Nature of Business

CURRENCIES and MONEY

Dollar declines

The dollar weakened in thin foreign exchange trading, as operators took a very nervous view of the market. The level of business was also reduced by book squaring operations towards the end of the half-year. Improved Japanese balance of payments figures tended to depress the U.S. currency in the Far East, and this trend continued in Europe following the decline of Eurodollar interest rates.

Sterling rose slightly against the dollar, but lost ground to Continental currencies despite the end of the rail strikes.

DOLLAR — Trade-weighted index (Bank of England) 121.3 against 121.8 on Monday, and 106.7 six months ago. Three-month Treasury bills 13.16 per cent (11.12 per cent six months ago). Annual inflation rate 6.7 per cent (6.6 per cent previous month) — The dollar fell to DM 2.4725 from DM 2.4885 against the Deutsche Mark; to FFr 6.8450 from FFr 6.9010 against the French franc; to SwFr 2.1090 from SwFr 2.1295 in terms of the Swiss franc; and to Y255.52 from Y258.35 against the Japanese yen.

STERLING — Trade-weighted index 91.1 against 91.2 at noon, 91.1 in the morning, 91.1 at the previous close, and 90.5 six months ago. Three-month interbank 13 1/16 per cent (16 per cent six months ago). Annual inflation 9.5 per cent (9.4 per cent previous month) — Sterling opened at $1.7255 to $1.7265, and traded within a range of $1.7230 to $1.7310, before closing at $1.7295 to $1.7305, a rise of 95 points on the day. The pound fell to DM 4.2650 from DM 4.2850; to FFr 11.84 from FFr 11.8750; to Y442 from Y444.50; and to SwFr 3.65 from SwFr 3.6675.

DEUTSCHE MARK — EMS member (weakest). Trade-weighted index 125.0 against 124.7 on Monday, and 122.0 six months ago. Three-month interbank 9.50 per cent (10.50 per cent six months ago). Annual inflation 5.3 per cent (5.0 per cent previous month) — The Deutsche Mark showed mixed changes against other major currencies at the Frankfurt fixing, rising against the dollar, and Swiss franc, but losing ground to sterling and the Japanese yen. News of West Germany's DM 4.99bn trade surplus in May, compared with DM 3.43bn in April had little impact, and was generally expected. The Bundesbank did not intervene when the dollar fell to DM 2.4754 from DM 2.4920 at the fixing. Sterling rose to DM 4.2780 from DM 4.2750. Within the EMS the French franc improved to DM 36.050 from DM 36.045 per 100 francs, and the Dutch guilder to DM 90.44 from DM 90.42 per 100 guilders.

DUTCH GUILDER — EMS member (second weakest). Trade-weighted index 115.7 against 115.6 on Monday, and 114.2 six months ago. Three-month interbank 9 5/16 per cent (11 per cent six months ago). Annual inflation 6.4 per cent (6.6 per cent previous month)—The guilder declined against most of its EMS partners at the Amsterdam fixing but was firmer against the U.S. dollar. The D-mark rose to Fl 1.10595 from Fl 1.10565; the French franc to Fl 39.88 from Fl 39.87 per 100 francs; and the Irish punt to Fl 3.8080 from Fl 3.8060. The dollar fell to Fl 2.7375 from Fl 2.7555 but sterling improved to Fl 4.7350 from Fl 4.7200.

JAPANESE YEN — Trade-weighted index 132.4 against 131.4 on Monday, and 144.0 six months ago. Three-month bills 7.28125 per cent (6.75 per cent six months ago). Annual inflation 2.3 per cent (2.8 per cent previous month)—The yen finished slightly firmer against the dollar in very nervous Tokyo trading. The U.S. currency closed at Y257.30, the lowest level of the day, compared with Y258.65 on Monday. It fell suddenly in late trading on reports that the Bank of Japan is prepared to use all measures available to defend the yen but better balance of payments figures are not expected to give any long-term support to the Japanese unit.

THE POUND SPOT AND FORWARD

June 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7230-1.7310	1.7295-1.7305	0.40-0.50c dis	−3.12	1.39-1.49dis	−3.33
Canada	2.2315-2.2500	2.2450-2.2480	0.75-0.85c dis	−4.27	2.42-2.52dis	−4.40
Nethlnd.	4.71-4.74	4.71½-4.72½	1¾-1¼c pm	3.81	4¾-4⅜ pm	3.81
Belgium	81.20-81.60	81.40-81.50	20-25c dis	−3.31	67-77 dis	−3.53
Denmark	14.76-14.80	14.76-14.78	¼-1¼ore dis	−0.71	5¾-7 dis	−1.71
Ireland	1.2413-1.2433	1.2422-1.2432	0.72-0.82p dis	−7.43	1.98-2.13dis	−6.58
W. Ger.	4.25½-4.28	4.26-4.27	1½-1pf pm	3.52	4-3½ pm	3.52
Portugal	144.00-148.00	145.00-146.00	85-270c dis	−14.64	240-775dis	−13.85
Spain	192.60-193.60	192.70-192.90	155-185c dis	−10.58	455-500dis	−9.91
Italy	2400-2410	2402-2405	14-17 lire dis	−7.74	48-52 dis	−8.32
Norway	10.77½-10.85	10.80-10.81	1¾-2⅞ore dis	−2.57	8¼-9¼ dis	−3.22
France	11.83-11.87	11.83½-11.84½	2¾-4¾c dis	−3.80	10¼-13¼dis	−4.14
Sweden	10.57½-10.60	10.58¾-10.59¾	2¼-3¼ore dis	−3.19	6½-7 dis	−2.48
Japan	440-445	441½-442½	2.23-2.05y pm	5.81	6.22-6.14 pm	5.59
Austria	30.06-30.25	30.16-30.21	14¾-11½gro pm	5.22	37¼-31½ pm	4.59
Switz.	3.64-3.67	3.64½-3.65½	2½-2c pm	7.40	6¼-6¼ pm	7.12

Belgian rate is for convertible franc. Financial franc 88.75-88.85. Six-month forward dollar 2.92-2.97c dis. 12-month 4.90-5.05c dis.

THE DOLLAR SPOT AND FORWARD

June 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7230-1.7310	1.7295-1.7305	0.40-0.50c dis	−3.12	1.39-1.49dis	−3.33
Ireland†	1.3990-1.4020	1.4010-1.4020	0.53-0.46c pm	4.27	1.20-1.05 pm	3.24
Canada	1.2940-1.3020	1.2990-1.3000	0.12-0.15c dis	−1.24	0.37-0.42dis	−1.21
Nethlnd.	2.7270-2.7480	2.7270-2.7300	1.70-1.60c pm	7.23	4.95-4.85 pm	7.15
Belgium	47.03-47.11½	47.06-47.08	par-3c dis	−0.38	1-5 dis	−0.25
Denmark	8.5225-8.5725	8.5225-8.5275	2-1¼ore pm	2.63	3.65-3.15 pm	1.58
W. Ger.	2.4650-2.4800	2.4720-2.4730	1.50-1.45pf pm	7.16	4.41-4.36 pm	7.09
Portugal	83.90-84.60	84.15-84.35	30-130c dis	−11.41	70-370 dis	−10.46
Spain	111.20-111.85	111.20-111.30	65-75c dis	−7.52	170-200 dis	−6.62
Italy	1386¼-1395	1386¾-1387¼	5¼-6 lire dis	−4.85	17-18½ dis	−5.10
Norway	6.2410-6.2825	6.2410-6.2460	par-0.40ore dis	−0.38	par-0.40dis	−0.13
France	6.8400-6.8700	6.8425-6.8475	0.15c pm-0.05 dis	0.09	0.80-1.30dis	−0.61
Sweden	6.1200-6.1400	6.1200-6.1250	0.10ore pm-0.10 dis	—	1.60-1.40 pm	0.98
Japan	256.35-257.25	255.45-255.55	1.93-1.85y pm	8.88	5.73-5.63 pm	8.89
Austria	17.38-17.48	17.36½-17.37½	12¾-11½gro pm	8.34	35¾-32¾ pm	7.85
Switz.	2.1075-2.1275	2.1085-2.1095	2.02-1.94c pm	11.27	5.66-5.56 pm	10.66

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.1	−32.1
U.S. dollar	121.3	+13.1
Canadian dollar	84.8	−22.1
Austrian schilling	117.0	+26.0
Belgian franc	95.2	−1.1
Danish kronar	82.0	−14.9
Deutsche mark	125.0	+49.8
Swiss franc	144.4	+95.6
Guilder	115.7	+22.6
French franc	74.0	−20.0
Lira	53.5	−58.7
Yen	132.4	+26.3

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

June 29	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.629867	0.552639
U.S. $	12	1.08860	0.955513
Canadian $	16.58	*	1.24178
Austria Sch.	6¼	18.9863	16.6594
Belgian F	14	51.2676	44.9163
Danish Kr.	11	9.32005	8.16964
D mark	7½	2.69472	2.36156
Guilder	8	2.98004	2.61027
French Fr.	9½	7.48140	6.55291
Lira	19	1516.96	1330.07
Yen	5½	280.750	245.376
Norwgn. Kr.	9	6.81899	5.96527
Spanish Pts.	8	N/A	106.731
Swedish Kr.	10	6.67965	5.85443
Swiss Fr.	5½	2.30936	2.02569
Greek Dr'ch.	20½	N/A	66.5326

* C$/SDR rate for June 28: 1.40867.

OTHER CURRENCIES

June 29	£	$		£ Note Rates
Argentina Peso	26.588-26.628	15.550-15.600	Austria	29.95-30.25
Australia Dollar	1.6930-1.6950	0.9810-0.9815	Belgium	88-89
Brazil Cruzeiro	297.50-298.50	172.53-173.19	Denmark	14.72-14.86
Finland Markka	8.246-8.259	4.7500-4.7520	France	11.81-11.91
Greek Drachma	120.735-121.565	69.60-70.10	Germany	4.25½-4.29½
Hong Kong Dollar	10.209-10.224	5.9150-5.9200	Italy	2345-2410
Iran Rial	146.80*	84.70*	Japan	443-448
Kuwait Dinar (KD)	0.4965-0.4975	0.2880-0.2882	Netherlands	4.70½-4.74½
Luxembourg Fr.	81.40-81.50	47.06-47.08	Norway	10.77-10.87
Malaysia Dollar	4.0750-4.0860	2.3610-2.3660	Portugal	142-157
New Zealand Dlr.	2.3305-2.3345	1.3505-1.3525	Spain	186¼-195¼
Saudi Arab. Riyal	5.9120-5.9220	3.4295-3.4305	Sweden	10.55-10.65
Singapore Dollar	3.7180-3.7280	2.1540-2.1590	Switzerland	3.64¾-3.68¾
Sth. African Rand	1.9835-1.9850	1.1465-1.1475	United States	1.72-1.74
U.A.E. Dirham	6.3295-6.3405	3.6715-3.6735	Yugoslavia	92-104¾

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	44.9163	−0.12	−0.22	±1.5501
Danish Krone	8.23400	8.16964	−0.78	−0.88	±1.6430
German D-Mark	2.33379	2.36155	+1.19	+1.09	±1.0898
French Franc	6.61387	6.55291	−0.92	−1.02	±1.3940
Dutch Guilder	2.57971	2.61027	+1.18	+1.06	±1.5004
Irish Punt	0.691011	0.685841	−0.75	−0.85	±1.6691
Italian Lira	1350.27	1330.07	−1.50	−1.50	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 29	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.730	4.265	442.0	11.84	3.650	4.724	2404.	2.247	81.45
U.S. Dollar	0.578	1.	2.465	255.5	6.844	2.110	2.730	1389.	1.299	47.08
Deutschemark	0.234	0.406	1.	103.6	2.776	0.856	1.108	563.5	0.527	19.10
Japanese Yen 1,000	2.262	3.914	9.649	1000.	26.79	8.258	10.69	5438.	5.083	184.3
French Franc 10	0.845	1.461	3.602	373.3	10.	3.083	3.990	2030.	1.897	68.79
Swiss Franc	0.274	0.474	1.168	121.1	3.244	1.	1.294	658.5	0.615	22.32
Dutch Guilder	0.212	0.366	0.903	93.57	2.506	0.773	1.	508.8	0.476	17.24
Italian Lira 1,000	0.416	0.720	1.774	183.9	4.926	1.519	1.965	1000.	0.935	33.89
Canadian Dollar	0.445	0.770	1.899	196.8	5.270	1.625	2.103	1070.	1.	36.26
Belgian Franc 100	1.228	2.124	5.236	542.7	14.54	4.481	5.800	2951.	2.758	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 29)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 5/16	offer 16 7/16	bid 16 9/16	offer 16 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅝-12¾	14⅞-15⅛	16-17	7¼-7⅜	30-40	8⅞-9	15½-15¾	18½-20	15-16	15-15½	7-7¼	9-10
7 day's notice	12¾-12⅞	15⅜-15⅝	16-17	8⅛-8⅜	2⅜-2⅝	8⅞-9	15¼-15¾	19¼-20⅞	15-16⅛	15½-15¾	7⅛-7⅜	10-11
Month	12 15/16-13 1/16	15 7/16-15 11/16	16⅝-16⅞	8 7/16-8 9/16	4⅞-5	8⅞-9	15⅜-15⅞	20¼-21⅛	15⅜-16¼	15 7/16-15 15/16	7 5/16-7 7/16	14-14⅜
Three months	13 1/16-13 3/16	16 7/16-16 11/16	17⅛-17⅜	9 5/16-9 7/16	5½-5⅝	9⅛-9¼	16¾-17¼	21⅝-22⅛	16¼-17¼	15⅝-15⅞	7 5/16-7 7/16	15⅝-15⅞
Six months	13⅛-13¼	16⅜-16⅝	17⅜-17⅞	9¼-9⅜	6¼-6⅜	9 5/16-9 7/16	18-18⅛	22⅜-22⅞	16½-17½	15½-15¾	7 5/16-7 7/16	16⅝-17
One Year	13¼-13⅜	16⅛-16⅜	17⅝-17⅞	9⅜-9⅝	6⅜-6½	9 5/16-9 7/16	18½-19	22½-23⅛	16¾-17¼	15⅜-15⅝	7 3/16-7 5/16	17½-17⅞

SDR linked deposits: one month 13¼-13½ per cent; three months 13¾-14 per cent; six months 13⅞-14⅛ per cent; one year 13 15/16-14 3/16 per cent.

ECU linked deposits: one month 12¼-12½ per cent; three months 12⅞-13⅛ per cent; six months 13¼-13½ per cent; one year 13¼-13½ per cent.

Asian $ (closing rates in Singapore): one month 15⅞-16 per cent; three months 16½-16⅝ per cent; six months 16¾-16⅞ per cent; one year 16 7/16-16 9/16 per cent. Long-term Eurodollar two years 16-16¼ per cent; three years 16-16¼ per cent; four years 16-16¼ per cent; five years 16-16¼ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 15.40-15.50 per cent; three months 15.85-15.95 per cent; six months 16.00-16.10 per cent; one year 16.10-16.15 per cent.

MONEY MARKETS

London rates slightly weaker

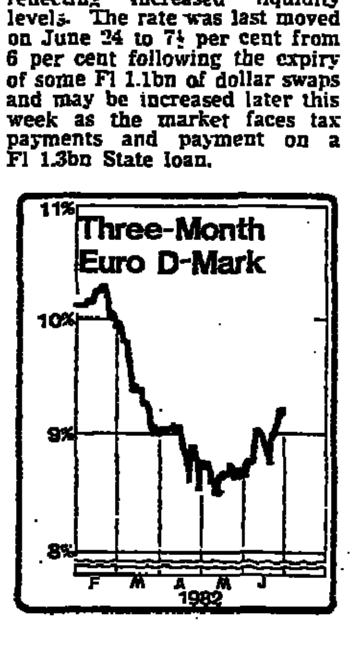
UK clearing bank base lending rate 12½ per cent (since June 8)

Interest rates were generally easier in London yesterday, reflecting a small downturn in U.S. rates and a steadier performance by sterling against the dollar. The three-month sterling CDs slipped to 13⅛ per cent to 13 per cent from 13¼ per cent to 13 1/16 per cent and three-month Treasury bills were quoted at 12 7/16 per cent to 12⅜ per cent compared with 12⅝ per cent to 12 9/16 per cent. In the interbank market overnight loans opened at 12½ per cent to 12¾ per cent and eased to 12 per cent before firming to 14 per cent in the afternoon. Closing balances were taken nearer 12 per cent however.

The Bank of England forecast a shortage of £150m in the money market with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills — £220m and Exchequer transactions — £30m, partly offset by a fall in the note circulation of £60m. The Bank gave assistance of £113m in the morning, comprising purchases of eligible bank bills: £3m in band 1 (up to 14 days) at 12⅝ per cent, £57m in band 2 (15 to 33 days) at 12½ per cent, £20m in band 3 (34 to 63 days) at 12⅜ per cent and £33m in band 4 (64 to 84 days) at 12 5/16 per cent. There was no further help given in the afternoon.

The West German Bundesbank will not hold a Press conference after tomorrow's meeting of the central council, the last one before the summer break, and the market is not expecting any change in credit policies on key lending rates. In the money market call money was quoted at 9.00-9.10 per cent as funds were sought to meet end of month payments. However recent disbursements have allowed banks to reduce Lombard borrowing and this fell to DM 3.4bn on Monday from DM 5.3bn on Friday.

In Amsterdam the official Dutch call money rate was cut to 5¼ per cent from 7½ per cent, reflecting increased liquidity levels. The rate was last moved on June 24 to 7½ per cent from 6 per cent following the expiry of some Fl 1.1bn of dollar swaps and may be increased later this week as the market faces tax payments and payment on a Fl 1.3bn State loan.



EUROCURRENCIES

Dollar rates easier

Euro-dollar rates retreated from Monday's levels yesterday as end of month demand fell away. However, there appeared to be little sign of a sustained downward move as long as U.S. domestic rates remain at current levels. Eurosterling rates were also slightly easier but interest rate differentials were still narrower and this was reflected in the forward market where the dollar showed a narrower discount against sterling. Euro-Swiss francs were mostly weaker and premiums on the Swiss franc rose in forward trading while the D-mark eased partly as a reflection of its stronger tendency in the spot market.

LONDON MONEY RATES

June 28 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◊	Eligible Bank Bills ◊	Fine Trade Bills ◊
Overnight	—	12-14	12⅜-12¾	—	—	12⅝-12⅞	12-12⅛	—	—	—
2 days notice	—	—	12¾-12⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12⅞	12⅞	—	—	12⅞-13	12½	—	—	—
One month	12 13/16-12 11/16	12⅞-13 1/16	13	13⅝-13¼	13	13⅛	12½	12 15/32-12 3/8	12 9/16	13 1/16
Two months	13 1/16-12 15/16	13 1/16-13 3/16	—	13½-13⅛	13⅛	13⅛	12⅜	12 13/32-12 1/2	12 1/2	13 1/16
Three months	13⅛-13	13 1/16-13¼	13 1/16	13½-13⅛	13 1/16	13½	12¼	12 11/32-12⅜	12 11/32	13⅛
Six months	13⅛-13	13⅛-13¼	13⅛	13⅛-12¾	13¼	—	—	—	12⅜-12 5/16	13⅛
Nine months	13⅛-13 1/16	13⅛-13¼	—	13⅛-13⅛	13¼	—	—	—	—	—
One year	13⅛-13 3/16	13⅛-13¼	13¼	13⅜-13⅛	13¼	—	—	—	—	—
Two years	—	—	13⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13⅞ per cent; four years 14 per cent; five years 14¼ per cent. ◊Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12¼-12¾ per cent; four month trade bills 13⅛ per cent.

Approximate selling rate for one month Treasury bills 12½ per cent; two months 12⅜ per cent; three months 12¼ per cent. Approximate selling rate for one month bank bills 12½ per cent; two months 12⅞ per cent and three months 12 7/32-12 5/16 per cent; one month trade bills 13¼ per cent; two months 12 25/32 per cent, three months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from June 1 1982. London and Scottish Clearing Bank Rates for lending 12½ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9½ per cent. Treasury Bills: Average tender rates of discount 12.2636 per cent. Certificates of Tax Deposit (Series 5) 13 per cent from June 8. Deposits withdrawn for cash 10½ per cent.

MONEY RATES

NEW YORK

Prime rate	16½
Fed funds (lunch-time)	15-15¼
Treasury bills (13-week)	13.16
Treasury bills (26-week)	13.30

GERMANY

Lombard	9.00
Overnight rate	9.05
One month	9.20
Three months	9.50
Six months	9.55

FRANCE

Intervention rate	15.25
Overnight rate	15.5
One month	15.25
Three months	15.1875
Six months	14.9375

JAPAN

Discount rate	5.5
Call (unconditional)	7.40625
Bill discount (three-month)	7.28125

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.(a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Cannon Fund Managers Ltd. (a)(g)

Capel (James) Mngt. Ltd.

Carl, Sebag Unit Trust Managers(a)

Cent. Bd. of Fin. of Church of England

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a)(g)

Confederation Funds Mgt. Ltd. (a)

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

Dunbar Unit Trust Managers Ltd.

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends Prov. Trust Managers (a)(b)(c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.† (a)

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a) (g)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prud. Portfolio Mngrs. Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a)

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Management Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

Target Tst. Mngrs. Ltd. (a) (g)

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (b) (c) (y)

Tyndall Managers Ltd. (a) (c) (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

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INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Canada Life Assurance Co. of G. Britain

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance Co. (UK)

Crescent Life Assurance Co. Ltd.

Crown Life

Crusader Insurance PLC

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson PLC

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

Multiple Health and Life Assur. Co. Ltd.

NEL Pensions Ltd.

NPI Pensions Management Ltd.

National Provident Institution

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Pension Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assur. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Mutual Assurance Society

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Adig Investment

Albany Fund Management Limited

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capitrex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Charterhouse Japhet Currency Mngt. Ltd.

Clareton Commodities (Isle of Man) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Ermitage Management Ltd.

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Eurotax Investments Ltd.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Gartmore Fund Managers (C.I.) Ltd.

Gartmore Fund Managers (Far East) Ltd.

Gartmore Fund Managers (IOM) (a)

Assicurazioni GENERALI S.p.A.

Bracville Management Limited

Guinness Mahon Int. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. & Man. (Guernsey)

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

HK Fund Managers (Jersey) Ltd.

I.C. Trust Managers Ltd.

IGF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Investment Advisors, Inc.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kleinwort Benson Group

Korea International Trust

The Korea Trust

Daehan Investment Trust Co. Ltd.

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shs. Fd. Inc.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Northgate Unit Tst. Mngrs. (Jersey)

Pacific Basin Fund

Phoenix International

Providence Capital International Ltd.

Quest Fund Man. (Jersey) Ltd.

Rothschild/Heinold Commodities

RBC Investment Managers Limited

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Scrimgeour Kemp-Gee Mngmt., Jersey

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Stronghold Management Limited

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INDUSTRIALS—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
180	119	Jardine M. $HK5	166	+4	Q92c	2.3	5.3	8.2
49	32	Jeeks & Cattell	32	—	1.0	—	4.5	—
285	187	Johnson Clnrs.	263	+45	7.7	2.3	4.2	14.6
162	98	Johnston Grp 10p	134	—	4.0	6.2	4.3	5.4
295	220	Johnson Mthy. £1	240xd	+5	10.0	2.1	6.0	(9.1)
80	64	Jourdan (T.) 10p	68	—	5.25	0.6	11.0	(23)
48	40	Kalamazoo 10p	44	—	2.5	0.9	8.1	20.4
170	135	Kelsey Inds.	142	−1	8.0	2.1	8.0	8.1
156	138	Kennedy Sm. 10p	156	+4	14.38	4.1	4.0	8.2
310	200	Kershaw (A.) 5p	200	—	21.75	0.5	15.5	(22)
51	41	Kleen-E-Ze Hldgs.	45	+1	5.5	0.7	17.5	(13)
68	52	L.C.P. Hlds.	54xd	+1	3.6	ϕ	9.5	ϕ
56	39½	L.R.C. Int. 10p	53	+½	2.5	1.6	6.7	12.0
46	34	Lawtex	37	—	‡1.5	—	‡	—
188	153	Lead Inds. 50p	159	—	9.66	1.8	8.7	(8.6)
375	277	Lep Group 10p	375	—	17.5	ϕ	6.9	ϕ
18	10	Lesney Prods. 5p	11#	—	—	—	—	—
37	28	Lilleshall 10p	30	—	2.5	—	11.9	—
60	39	Lon. & Liv. 10p	56	−1	2.45	ϕ	6.4	ϕ
102	83	London & Mid'd.	83	—	7.75	1.1	13.3	(9.9)
51	36	Lon. & Nthn. Grp.	44	—	3.75	2.1	12.2	4.7
33	23	Lon. Priv. Health	33	+2	—	—	—	ϕ
9¼	3½	Long Hmbly. 10p	3½	—	—	—	—	—
46	36	Longton Inds.	41	—	1.0	—	3.5	—
72	33	Lonsdale Univrsl.	66	—	1.0	0.9	2.2	(80)
195	95	Low & Bonar 50p	96	—	7.0	1.6	10.4	(7.4)
30½	21	M.Y. Dart. 10p	22	—	1.33	—	9.1	—
168	105	M'c'rthy Ph. 20p	159	+1	7.0	2.8	6.3	7.4
110	70	Macfarlane Gp.	110	—	4.0	2.2	5.2	11.3
37	28	Maclellan 20p	36#	—	1.43	1.4	5.7	(15)
86	56	Macpherson (D.)	58	+1	4.2	1.5	10.3	8.5
62	53	Magnolia Group	59	—	2.3	3.9	5.7	5.8
108	68	Man. Ship Can. £1	68	—	—	—	—	—
49	38	Marley	39	—	2.25	1.5	8.5	(8.1)

LEISURE—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
45	33	Fairline Boats 10p	37	—	d1.0	—	3.9	—
18	13	GRA Group 5p	13	−½	—	—	—	11.8
42	22	Glasgow Pavilion 10p	23	—	—	—	—	—
48	32	Grampian TVA 10p	44	—	3.25	3.0	10.6	3.5
146	107	HTV Non/Vtg.	141	—	†10.0	2.7	10.1	5.2
218	139	Horizon	187	+2	h3.0	5.3	2.3	11.8
151	95	Intasun 10p	123	—	b2.8	5.7	3.3	6.5
31	22	Lancaster (D. M.) 5p	26	—	0.7	3.1	3.9	10.7
159	112	LWT "A"	146	—	†10.07	1.7	9.9	7.5
133	116	Leisure Inds. Grp.	127	−1	g5.0	ϕ	5.7	ϕ
125	90	Mngmt. Ag. M. 10p	91	—	8.75	1.5	13.7	6.7
67	57	Medminster 10p	59	—	3.7	2.4	9.0	6.4
238	140	Nimslo Int 20c	180	—	—	—	—	—
43	33	Norton & Wrt. 10p	43	—	d1.0	—	3.3	—
74	64	Old Swan (H'gate) 10p	66	—	g0.8	1.6	1.7	58.7
28	14	Owners Abroad	24¾	−¼	u0.35	4.6	2.1	15.0
62	52	Photax (Lon.)	60	—	3.5	3.8	8.3	3.8
280	149	Pleasurama 5p	228	−2	th4.75	5.2	3.0	9.1
*121	84	Riley Leisure 10p	96	—	g4.1	1.7	6.1	13.8
179	126	Saga Hols. 20p	130	+4	th3.73	4.6	4.1	(8.3)
173	125	Samuelson 20p	162	—	d8.77	—	7.7	—
99	76	Scott. TV 'A' 10p	86	—	7.0	3.8	11.6	3.2
50	36	SelecTV 10p	39	—	—	—	—	—
18	13	TSW 5p	14½	—	H0.6	—	5.9	—
51	31	TVS N/Vtg 10p	49	—	—	—	—	—
100	62	Trid'nt TV 'A' 10p	71	−2	4.26	2.1	8.8	7.1
210	92	21st Century Dst. Cos.	200	+20	—	—	—	—
27½	19	Webb (Jos.) 5p	20	—	td0.51	2.5	3.6	12.3
93	69	Zetters 5p	76	—	2.75	3.1	5.2	8.8

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
20	14	B.L. 50p	17	+1	—	—	—	—
135	93	Gen. Mts. Units	134	—	Q12c	—	5.0	—
55	20	Hesketh Motor 50p	23#	—	—	—	—	—
202	133	Honda Motor Y50	161	—	Q10%	ϕ	0.7	ϕ
32	23	Lotus Car 10p	23	—	0.7	4.1	4.3	6.0
12½	8½	Reliant Motor 5p	11	−1	—	—	—	—

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International Finance?

DAIWA SECURITIES

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	80	—	Q25c	10.3	23.3
33	20	Wankie Col. Z$1	20	—	Q3c	1.2	12.1
21	12	Zam.Cpr.SBD0.24	12	−1	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	13	+1	—	—	—
7	1½	Argosy Gold NL 25c	1½	—	—	—	—
151	62	Bond Corp.	66	—	gQ10c	2.3	9.7
82	58	Bougainville I Kina	66	—	Q6½c	1.2	6.0
192	147	CRA 50c	164	+2	Q5c	—	1.8
16	10	Carr Boyd 20c	16	—	—	—	—
56	22	Central Pacific	31	+1	—	—	—
380	152	Crusader Oil	255	—	—	—	—
26	10	Cultus Pacific N.L.	13½	—	—	—	—
27	14	Eagle Corp. 10c	17	—	—	—	—
23	9	Endeavour 20c	9½	—	—	—	—
368	155	G. M. Kalgoorlie 25c	180	+5	Q32½c	0.9	11.0
10	2½	Great Eastern	3	—	—	—	—
63	30	Greenbushes Tin 50c	32	+1	Q6c	1.9	11.2
170	134	Hampton Areas 10p	162	−2	2.5	3.1	2.2
32	12	Haoma N.W.	12½	—	—	—	—
22	9	Intl. Mining	12	—	—	—	—
30	10	Jimberlana (50cFP)	12	—	—	—	—
9½	2¾	Kalbara Min 20c	3	—	—	—	—
100	38	Kitchener NL 25c	38	—	—	—	—
14	9	Leichardt Expln.	10	—	—	—	—
190	92	Meekatharra 25c	115	—	—	—	—
44	16	Metals Ex. 50c	19	—	Q3c	1.7	9.5

Tins

Copper

Miscellaneous

NOTES

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PLO STAYS IN CITY AS WITHDRAWAL TALKS CONTINUE

Beirut delay irritates Israel

BY DAVID LENNON IN TEL AVIV AND JAMES BUCHAN IN BEIRUT

ISRAEL is growing increasingly impatient with the failure of Mr Philip Habib, the special U.S. envoy, to persuade the Palestine Liberation Organisation (PLO) to lay down its arms and leave Beirut, where 6,000 guerrillas have been under Israeli seige for more than two weeks.

Officials in Jerusalem said yesterday that the PLO was delaying to try to prevent the threatened final Israeli assault on their last stronghold. They accused Mr Habib of spreading false optimism about the progress of his peace talks with the Lebanese authorities.

The PLO was constantly adding conditions to its prospective withdrawal from the Lebanese capital, Israeli officials said. They complained there was no basis for optimism about a PLO withdrawal, which Mr Habib had suggested to Jerusalem on Monday.

One official remarked cynically that the envoy might succeed in getting the PLO out of Beirut by diplomatic means, just as he got Syrian anti-aircraft missiles out of the Bekaa Valley. Mr Habib failed in that mission last year, after persuading Israel not to attack the missile batteries.

Yesterday the threat of Israeli attack hung over West Beirut and its 500,000 inhabitants, despite further apparent concessions by the Palestinians in the city.

Having agreed in principle to leave Beirut, the PLO appears to be trying to secure an honourable withdrawal. The Palestinian leaders softened yesterday their demand that the Israeli forces withdraw three miles from Beirut before the former would leave. Now there was mere insistence on "simultaneous" but otherwise unspecified disengagement.

However, officials close to the negotiations are anxious at what they fear is growing Israeli impatience at the Palestinian counter-demands. The tortuous process of negotiation involves Palestinian points being transferred via Lebanese negotiators and U.S. officials led by Mr Habib, to Israel.

There remains the question of where the Palestinians will go. With negotiations at a snail's pace, Israel's faith in Mr Habib's ability to budge the PLO is fading. There is a growing feeling that Israel will soon have to decide on a military operation to eliminate the PLO in Beirut.

Gen Ariel Sharon, Israeli Defence Minister, told parliament yesterday that the army could finish off the PLO forces in Beirut "but we are not warmongers." That being so, he said, Israel had given the PLO time to leave the city.

Israel is insisting that all the guerrillas leave Beirut. It has consistently rejected, in public at least, all efforts by the PLO to make conditions for withdrawal. Jerusalem has said it will not agree to the PLO keeping a political office in Beirut after evacuation, nor to symbolic Palestinian units being incorporated into the Lebanese army.

Speaking at the opening of a Parliamentary debate on the scope and aims of the war, Gen Sharon said that Israel's "just, defensive war in Lebanon" had raised his hopes that "the day is not far off when a triangle of peace will be created on the shores of the Mediterranean—a triangle of Israel, Egypt and Lebanon, with open borders from Beirut through Jerusalem to Cairo."

The defence minister said that the PLO's moment of truth had arrived, because "we are determined that the terrorist organisation will not continue to exist." He expressed the hope that, with the destruction of the PLO, it would be possible to reach agreement on autonomy for the Palestinians in the occupied West Bank and Gaza Strip.

Further aspects, Page 6

Pick-up truck launch by Ford

By Kenneth Gooding, Motor Industry Correspondent

FORD today launches in Britain a one-tonne pick-up truck built by its South African subsidiary. The company expects to capture at least one-third of the UK pick-up market, which has been dominated by Japanese vehicles.

The company says the growth in pick-up sales in Britain makes the sector impossible to ignore, but there is not enough demand to justify UK production.

UK sales of one-tonne pick-ups rose from 7,171 to 9,906 last year, the only part of the car or commercial vehicle markets to show any advance."

The Mazda pick-up was the best seller, with 39 per cent of total sales, followed by the Datsun model and the Bedford KB26, built by Isuzu in Japan and imported by Vauxhall, the General Motors subsidiary.

The price of Ford's pick-up, the P100, excluding VAT, delivery and number plates, is £3,720 compared with the £3,549 charged for the Mazda pick-up. A version with better interior trim, the P100 L, costs £3,890.

In addition to the two basic models, Ford has been co-operating with a number of specialist body builders and accessory suppliers. A glass fibre loadbox canopy is available and a tipper body and towing bar are under development.

Some 1,500 vehicles are with dealers for today's launch. The P100 will be sold through Ford's 400 car and van main dealers and 135 truck specialist dealers.

The introduction has been timed to take advantage of the peak selling month, August, when about one quarter of all pick-up registrations in Britain take place. Ford expects that 4,000 of the new vehicles will be registered in a full year.

The P100 bears a strong visual resemblance to the Cortina car, but Ford says 75 per cent of the components were specifically developed for heavy duty pick-up application.

The power unit is Ford's 1.6 litre OHC petrol engine already used in the Cortina, and, in down-rated form, in the Transit van.

Ford says 35 per cent by cost of the components are sourced from UK Ford plants, including electrical components, some body panels and the engines.

Ford expects to face protests from anti-apartheid demonstrators at some showrooms today. The company says its recent record in South Africa is better than most.

Ford will import about 6,000 of the South African pick-ups during the next 12 months.

Inmos may need extra £5m to £10m injection

By John Elliott, Industrial Editor

AN EXTRA £5m to £10m working capital is likely to be needed during the coming year by Inmos, the National Enterprise Board's controversial microchip company, to enable its factories in the U.S. and South Wales to reach profitability.

At the same time, the NEB, part of the British Technology Group, hopes to sell its 70 per cent stake in United Medical Enterprises, an international hospital management company.

The NEB believes it could raise some £30m from the sale of its interest in UME, which is developing private sector hospitals in the UK and the Middle East.

A management buy-out has been discussed, but a £30m price tag would probably rule this out. The minority shareholders are Orion Bank, London Trust and Commercial Union.

Inmos has already been allocated nearly £100m of Government grants and guaranteed loans through the NEB. Tomorrow it is launching ranges of microchips, including its 64K dynamic random access memory chip (which can store 64,000 pieces of data on a single chip) which it hopes will firmly establish it in international markets.

The company says it is selling all the chips made by its U.S. factory in Colorado Springs, which is now meeting its production schedules. Test production has started at its South Wales factory.

But the NEB expects it will need an extra £5m to £10m next year. Ideally, this would be provided by an industrial partner. However, Sir Freddie Wood, chairman of the NEB, said yesterday he would be prepared to recommend the Government to provide the funds if Inmos stayed on its current successful course and if other funds were not available.

This would be a controversial move but would probably get a sympathetic hearing from Mr Patrick Jenkin, Industry Secretary. Sir Freddie has ordered an urgent outside study of Inmos markets. He said that a shortfall of 10 per cent for such a venture was "not that much."

The NEB has been advised by Lazards that financial institutions could not be expected to invest at this stage. The NEB might recommend the company to sell and lease-back its U.S. factory to provide the money.

NEB makes £59m loss, Page 10

UK insurance industry reports £613m world underwriting loss

BY ERIC SHORT

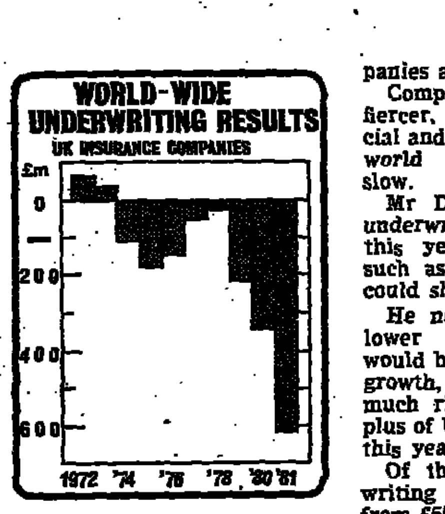
UNDERWRITING LOSSES of Britain's insurance industry on worldwide general insurance business rose last year from £339m to a record £613m.

It expects the losses could be higher in 1982, following the bad weather last winter and because of the slow economic upturn.

However, the industry lifted its net trading surplus by nearly 4 per cent last year from £792m to £822m because of a 27 per cent increase in its investment income from £1.13bn to £1.43bn.

The results were announced yesterday by the British Insurance Association. They emphasise the growing importance of investment income to UK insurance companies in current tough trading conditions.

Keen competition and the continuing worldwide recession meant premium rates have been kept down and business has not expanded significantly. Companies have been unable to collect sufficient premiums to meet the cost of paying claims and



to cover running expenses.

The deficiency has had to be covered by investment income. This has remained buoyant because of continuing high world interest rates.

Mr Peter Dugdale, the BIA's retiring chairman, is gloomy about prospects for 1982. The storms which swept the UK last winter cost insurance companies at least £250m in claims.

Competition is becoming fiercer, especially for commercial and industrial business, and world economic recovery is slow.

Mr Dugdale expects higher underwriting losses worldwide this year, although countries such as Canada and Australia could show improvement.

He notes the trend towards lower interest rates which would brake investment income growth, and does not expect much rise in the trading surplus of UK insurance companies this year.

Of the 1981 results, underwriting losses in the U.S. rose from £55m to £44m, while those in the rest of the world increased from £179m to £371m. The only bright spot was the UK, where underwriting losses were cut from £67m to £49m because of exceptionally favourable motor business conditions.

General insurance funds of UK insurance companies increased nearly 17 per cent by the end of last year to £15.8bn.

San Francisco outlaws handguns

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

SAN FRANCISCO yesterday became the first major U.S. city to ban the owning of private handguns. The authorities immediately admitted, however, that enforcement is likely to be a major problem and the law will certainly be challenged in court by the gun lobby.

Passage of the San Francisco law follows others, not always totally successful, attempts to ban handguns—or "Saturday night specials"—around the country, as U.S. public opinion has slowly begun to revolt against rising crime figures and senseless murders.

The ordinance, proposed by mayor Dianne Feinstein, makes ownership of a pistol as misdemeanour punishable by up to 30 days in prison and a $500 fine. There will be a 90-days grace for pistol owners to dispose of weapons.

Rifles and shotguns are not covered by the ban, and there are many exemptions for police, military and security personnel, gun collectors, private investigators, licensed target shooters and private store owners who obtain police permission.

The district attorney has said he will not prosecute offenders until the constitutionality of the ban has been established. The U.S. constitution, somewhat ambiguously, guarantees the right to bear arms.

The ban nevertheless represents a major symbolic step forward for the advocates of gun control. The first city-wide ban was ordered in Morton Grove, Illinois, last year, and the idea has spread, although bans do not always lead to many guns being turned in.

In August 1980 New York City passed a law controlling hand guns, but left open the possibility of private citizens acquiring them legally with a permit. In much of the U.S. it is alarmingly easy to buy a gun—even by mail order.

Opponents of the controls gained a much publicised victory earlier this year when Kennesaw, Georgia, a suburb of Atlanta, passed a unanimous ordinance requiring every male head of household to own a gun and ammunition.

The National Rifle Association, leading voice of the gun lobby, said the San Francisco law would "make criminals out of thousands of law-abiding citizens." Opponents have claimed it will open the door to illegal searches of private homes—although the authorities have said they will not try to retrieve weapons this way.

Train drivers' strike

Continued from Page 1

essential element in modernising railway working practices in a modern railway.

Aslef's fierce resistance to flexible rostering has already led to 17 days of strikes earlier this year which cost BR about £100m.

The union said the strike decision was in accordance with the policy reaffirmed by its annual conference last month to retain the guaranteed eight-hour day which dates from a 1919 agreement, and not allow any worsening of members' conditions of service.

The strike decision is the more surprising since before they heard of it, senior BR officials were standing by yesterday afternoon for what they believed would be a positive reply from the union.

This would have provided for the new shift to be worked as an experiment throughout Scotland, except for a small number of depots in Glasgow, while a simultaneous experiment on the basis of alternative Aslef proposals would have been worked by drivers in another, as yet unspecified, part of the country.

If Aslef had accepted the compromise the rosters would not have been imposed from the weekend. However, the strike decision may have been provoked by BR making it clear that it wanted a decision on the compromise by tonight.

Continued from Page 1

Barclays

clear when the proposal was announced on May 13 that if necessary the bank would ask its pensioners to come in.

The move to open about one in five of its branches on Saturdays reversed a decision taken 13 years ago by the major clearing banks.

Mr Quinton, said the main aim was to attract deposits and compete with building societies. Building society deposits were £56.4bn last year against £41.2bn for the banks, he said.

Mr Quinton thinks building societies take about 30 per cent of their deposits on Saturdays, but other bankers have challenged this estimate.

French cabinet changes expected

BY DAVID HOUSEGO IN PARIS

M PIERRE DREYFUS, France's Industry Minister, is likely to step down today in the first cabinet reshuffle since the legislative election of June last year. The changes are not intended to reflect any change of direction in government policy.

The other main casualty is likely to be Mme Nicole Questiaux, minister for social security and the senior woman in the government. She has failed to make much public impact and ran into damaging publicity last year for allegedly bowing to pressure from the Communist-led CGT union to secure the resignation of a senior social security official, who later committed suicide.

M Dreyfus, 75, has been expected to resign for some time. He was brought into the ministry as a former head of Renault in an effort to reassure industrialists apprehensive about the government's lack of experience and its interventionist leanings.

He has found the job—one of the toughest in the government—exhausting for a man of his age. It has increasingly been said that he was failing to put his mark of the development of industrial policy.

M Jean-Pierre Chevenement, Minister of Research, was being tipped last night to take over some of M Dreyfus's responsibilities.

M Jean Le Garrec, Minister for the Extension of the Public Sector, who was responsible for implementing the nationalisation programme, is also a promotion candidate.

Speculation about the future of M Laurent Fabius, Minister of the Budget, also surfaced last night after he had been to see M Pierre Mauroy, the Prime Minister, and President Francois Mitterrand. M Mitterrand met M Mauroy yesterday evening, apparently to finalise the changes.

M Fabius is close to M Mitterrand, but he has long been at odds with M Jacques Delors, the Finance Minister.

A more substantial cabinet reshuffle is unlikely to take place until after M Mitterrand has assessed the results of the post-devaluation stabilisation measures.

Weather

UK TODAY

DRY and sunny but cloudy with rain later.

London, S, E, N England, Channel Islands, N Wales, Lake District, Isle of Man, S Central Scotland
Sunny, rain later. Max 18C (64F).

SW England, S Wales
Cloudy with rain. Gales in places. Max 18C (64F)

Central Highlands, NE, NW Scotland, Orkney, Shetland
Sunny, isolated showers. Max 15C (59F).

Outlook: Unsettled with rain in most places. Becoming cooler.

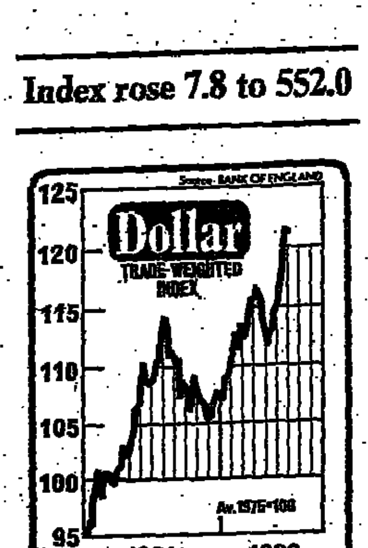
WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Luxmbg.	F	16	61
Algiers	S	21	70	Luxor	S	44	111
Amsdm.	F	17	63	Madrid	S	31	88
Athens	S	32	90	Majorca	S	28	82
Bahrain		—	—	Malaga	S	26	79
Barclna.	S	26	79	Malta	S	27	81
Beirut		—	—	M'chstr.	F	15	59
Belfast	C	12	54	Melbne.	C	15	59
Belgrd.	S	26	79	Mex. C.†		—	—
Berlin	C	19	66	Miami†	S	27	81
Biarritz	C	20	68	Milan	S	27	81
Bmghm.	F	17	63	Montrl.†	F	19	66
Blackpl.	F	14	57	Moscow	R	15	59
Bordx.	F	21	70	Munich	T	15	59
Boulgn.	F	15	59	Nairobi	F	24	75
Bristol	F	17	63	Naples	S	25	77
Brussels	C	15	59	Nassau		—	—
Budpst.	R	21	70	N'castl.	F	16	61
Cairo	S	37	99	N. York†	C	22	72
Cardiff	S	17	63	Nice	F	23	73
Cas'b'ca	S	26	79	Nicosia	S	30	86
Cape T.	S	21	70	Oporto	S	22	72
Chicg.†	C	19	66	Oslo	C	16	61
Cologne	T	15	59	Paris	C	16	61
Cophgn.	R	14	57	Perth	S	16	61
Corfu	S	31	88	Prague	C	13	55
Denver†	F	18	64	Rykjvk.	C	12	54
Dublin	F	16	61	Rhodes	S	27	81
Dbrvnk.	S	25	77	Rio J'o†		—	—
Edinbgh.	F	18	64	Rome	S	25	77
Faro	S	26	79	Salzbrg.	C	21	70
Florence	F	26	79	S'cisco†		—	—
Frankft.	F	19	66	S. Mritz.		—	—
Funchal	C	21	70	Singapr.	F	31	88
Geneva	F	21	70	S'tiago†		—	—
Gibrltr.	S	23	73	Stckhm.	R	11	52
Gl'sg'w	R	14	57	Strasbg.	C	18	64
G'rnsey	S	16	61	Sydney		—	—
Helsinki	R	12	54	Tangier	S	28	82
H. Kong	R	27	81	Tel Aviv	S	28	82
I. o. Man	S	15	59	Tenerife	S	24	75
Istanbul	F	24	75	Tokyo	S	25	77
Jersey	S	17	63	T'r'nto†	R	18	64
Jo'burg	S	17	63	Tunis	S	28	82
L. Plms.	S	24	75	Valencia	S	28	82
Lisbon	S	29	84	Venice	F	25	77
Locarno	F	25	77	Vienna	F	21	70
London	F	20	68	Warsaw	F	13	55
L. Ang.†	C	17	63	Zurich	C	19	66

C—Cloudy, F—Fair, R—Rain, S—Sunny, T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

The underwriting on the wall



The official line of the British Insurance Association is that excess capacity and, in some cases, irresponsible underwriting practices are seriously affecting the profitability of international general insurance business. Thus the worldwide underwriting loss by BIA members aggregated £613m in 1981, against £339m the year before. Yet the fact is that investment income rose more than fast enough to compensate, and the net surplus actually improved from £792m to £822m. Meantime general insurance investment assets at market value rose from £13.6bn to £15.8bn. For all their complaining, British insurance companies do not appear to be in any imminent danger of going out of business.

What is undoubtedly true, however, is that conditions are getting tougher. The generally cosy position of British insurers in the domestic market is now being threatened, especially in the commercial classes where words like "stupid" and "unacceptable" were being used yesterday by the top BIA officials to describe the new level of premium rates.

One reason for the shakeout in this sector is that newcomers to the UK market can pick up big commercial accounts at low rates and reinsure them at what are alleged to be the still more ludicrously uneconomic levels ruling on the international reinsurance market. The newcomers thus need not bear any insurance risk (though on some analyses of the state of health of the reinsurance market, they may be bearing a credit risk). Competition in UK personal insurance lines, however, still appears to be at a reasonably gentlemanly level.

Sunlight/Johnson

Johnson Group Cleaners has been looking ripe for a takeover ever since the 1980 report and accounts drew attention to the replacement cost value of its assets. Over the past three years, its annual profits have been stuck at £4m pre-tax while the share price has bounded ahead.

The eventual offer has emerged from an unlikely source. Sunlight Service Group is capitalised in the market at around £11m, roughly one third of what it is offering for Johnson. Its statement that "Johnson shareholders will receive immediately over 50 per cent of the combined equity" is a disingenuous way of describing an audacious reverse takeover.

Sunlight shares dropped 5p yesterday to 91p, valuing Johnson's equity at a 10p premium to the closing price of 263p. On a pro forma basis, the deal would leave Sunlight with a very lopsided balance-sheet. Tangible shareholders funds of around £12m would compare with net borrowings of about £16m and convertible loan stock totalling almost £7m.

Sunlight plans to change all that. Its vague promise to "do its best to minimise the number fo redundancies" is a none too subtle hint that asset sales are in the pipeline. Some of Johnson's 650 retail outlets were last revalued in 1953 and the group's current cost net worth of £53.3m must give a better idea of its value than the historic figure of £22.3m.

Johnson has failed to make its retail assets work since a contested bid from Skechley, aborted after a Monopolies Commission reference in 1977, miraculously lifted earnings off their previous plateau. Its sales per outlet are roughly 20 per cent lower than at Sketchley.

Johnson's shareholders could well hold out for a higher offer, however, and it is hard to see how Sunlight can produce much more. In an industry so bid-prone as laundries, other companies must be running Johnson through their calculators.

Treasury questions

What Chancellors of the Exchequer do not say is often quite as enlightening as what they do say, and what they intend to say but then think better of can be best of all. Last Friday Sir Geoffrey Howe showed virtuosity in a written answer to a searching question from Sir Brandon Rhys Williams, renowned throughout West London as an authority on non-deposit liabilities. In a few brief sentences t[...] cellor ranged throu[...] coupon bonds, overfun[...] local authority borro[...] the philosophy of [...] control. But some copi[...] statement contained t[...] of a sentence, appare[...] remains of a paragra[...] was meant to be e[...] Fortunately, the rest [...] Chancellor's argumen[...] clear that it is quite [...] recreate the missing l[...]

The idea of mopping [...] non-bank private [...] deposits by issuing [...] amounts of Governme[...] and keeping the pro[...] the National Loans [...] only useful from a [...] point of view if the [...] deposits do not count a[...] At the moment they [...] small — £2m or less [...] the question does not a[...] the new rules envis[...] possibility of NLF [...] measured in billion[...] while you are about it, [...] declare that the rest [...] public sector's deposits [...] money either? "Not [...] that is, in the sense [...] forming part of ster[...] the wider definitio[...] already excludes publi[...] deposits.

It seems to have b[...] proposal that the C[...] decided not to mentio[...] haps the subject had [...] sufficiently explored t[...] a public airing. Perha[...] felt that to introduce a [...] marginally flattering [...] ment to sterling M3 [...] after last November's [...] tion would smell bad.

There is a theoretic[...] cation for arguing tha[...] sector deposits are mor[...] demonetised. It is we[...] that, cash limits or no, [...] pensity of the public [...] spend money bears no [...] whatever to the amoun[...] it happens to hold.

Another question is [...] the NLF balances form[...] the PSBR, onlent to the [...] England. In practice [...] likely to be used to ex[...] Bank of England's bala[...] and give it more [...] operate in the money [...]

In the long term, [...] the NLF balances co[...] on a more sinister s[...] least insofar as the [...] market is concerned. [...] principle of running la[...] tral government bala[...] established, placing th[...] the clearing banks an[...] them as a direct [...] monetary management [...] a step away. Road [...] Whitehall today; a by[...] Lombard Street in 199[...]

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As one of Britain's largest exporters, BL needs the services of an international bank and Grindlays meets this need around the world. We provide financial services for the company in the United Kingdom, local banking services in central Africa and in India we are one of the leading bankers to BL's subsidiary, Ashok Leyland.

In London the Corporate Banking Department and Export Finance Department co-ordinate the efforts of our offices and specialist departments in many countries around the world.

Successful examples of this teamwork include the financing of BL exports of buses and Land Rovers to Hong Kong, Malaysia and elsewhere in the Far East and the provision of advance payment and performance bonding cover.

A further example of international finance from Grindlays – BL banks on Grindlays – why don't you?

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